

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Belding	County Ionia
Fiscal Year End June 30, 2007	Opinion Date October 12, 2007	Date Audit Report Submitted to State November 15, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

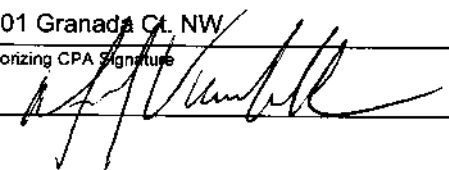
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None.	
Other (Describe) Single Audit Reports	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Vredeveld Haefner LLC		Telephone Number 616-446-7474	
Street Address 4001 Granada Ct. NW		City Grand Rapids	State MI
Authorizing CPA Signature 		Zip 49534	License Number 21289
Printed Name Douglas J. Vredeveld			

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF BELDING, MICHIGAN  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007**

**PREPARED BY**  
Finance Department

**CITY FINANCE DIRECTOR/TREASURER**  
Samuel N. Andres

# **PRINCIPAL OFFICIALS**

## **CITY OF BELDING, MICHIGAN**

### **CITY COUNCIL**

Shane Husted, Mayor

Robert Thompson, Mayor Pro-Tem  
Rachel Satterlee  
Richard Stout  
Roger Wills

### **CITY MANAGER**

Randall DeBruine

**FINANCE DIRECTOR/TREASURER**

**CITY CLERK**

**POLICE CHIEF**

**FIRE CHIEF**

**DIRECTOR OF PUBLIC WORKS**

**CITY ASSESSOR**

**DIAL-A-RIDE DIRECTOR**

**LIBRARIAN**

Samuel N. Andres

Kareen J. Thomas

Dale E. Nelson

Gregg A. Moore

Ernest S. Thomas

David W. Pohl

Suzanne J. Christensen

Toni L. Jagger

# CITY OF BELDING

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City of

**Belding**  
MICHIGAN

120 S. Pleasant Street • Belding, Michigan 48809  
Phone (616) 794-1900 • Fax (616) 794-0091

October 12, 2007

To the Honorable Mayor, Members of the City Council and the Citizens of the City of Belding, Michigan:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belding for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Belding. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Belding has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Belding's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Belding's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Belding's financial statements have been audited by Vredevelde Haefner LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Belding for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Belding's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Belding's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City, incorporated in 1857, is located in West Michigan about twenty-five miles northeast of Grand Rapids, Michigan. The City currently has a land area of 4.85 square miles and a population of 5,877 based on 2000 census data. The City is empowered to levy a property tax on both real and personal property located within its boundaries up to a state and charter mandated twenty mills without voter approval.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the governing council, which consists of a mayor and a four-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for

appointing the heads of City departments. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected one year and two elected two years later. The council members elect the mayor to a two-year term.

The City provides a full range of municipal services for the public's health, safety, welfare and quality of life. These services include general administration, police protection, fire protection, planning and zoning, water and wastewater services, construction and maintenance of streets and other infrastructure, building and code enforcement, cemetery operations, park operations and maintenance, ambulance services, library, and a demand-response transportation system.

In addition to general City activities, the Tax Increment Finance Authority (TIFA), Local Development Finance Authority (LDFA) and Downtown Development Authority (DDA) are included in the City reporting entity as component units. There was no financial activity in the LDFA for the year, thus it is not included in the financial statements. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Belding Housing Commission has been excluded from the City's financial statement because the City does not exercise significant oversight over this entity. This entity can independently generate revenue, adopt budgets, enter into contracts, and borrow funds.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager on or before the first week in February of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review during the second council meeting in March. The council is required to hold a public hearing on the proposed budget and to adopt a final budget during the second meeting in May. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund and all special revenue funds for which an appropriated annual budget has been adopted.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy** The overall local economy remains in relatively decent shape, although the unemployment rate remains a concern. The unemployment rate in Ionia County for June 2007 was among the top 25% reported in the State of Michigan. Many of the local manufacturers have reduced employment during the last few years in order to compensate for the loss of business. The impact of the closing of Electrolux Home Products and Towers six miles to the North in the City of Greenville also remains a concern for the local economy as 2,800 jobs have been eliminated between the two.

Since the start of the recession in the first quarter of 2001, economic growth has also been weak in Michigan. State revenues have been off, leading to a mounting budget crisis that required cuts in State government spending and reductions to revenue sharing with local governments.

However, the economic condition and outlook for the City of Belding should remain favorable, as stability and modest growth hopefully will continue. The manufacturing base is well diversified and comprised of several smaller companies. The largest employer is Extruded Metals with approximately 225 employees.



The proximity to Grand Rapids also is a benefit as Belding is gradually increasing in residential growth due to the appeal of small town living while being within easy access of services and employment that only metropolitan areas offer.

The 2007 advalorem assessment roll totals \$115,284,800, which is a decrease of \$ 939,000 or (0.8%) below 2006's assessed value of \$116,223,800. This is lower than last year's increase of 1.8%. The assessed value represents 50% of market value and is the basis for measuring uniformity of assessments. With the passage of Proposal A in the State of Michigan in 1994, the taxable value now serves as the basis for determining property tax revenues. The 2007 taxable value increased \$2,834,943 or 3.0%, from \$94,342,040 to \$97,176,983, which is down from last year's 4.3% increase.

**Long-term financial planning** The City recently completed a downtown marketing plan to provide a strategic plan for a revitalization of the downtown area. Implementation of this plan has commenced with the re-paving of the covered village mall parking lot and will be an ongoing effort for many years.

The next transportation related project will be the milling and resurfacing of several major streets at a cost of over \$1,000,000 made possible by two grants of \$375,000 each. MDOT added a center turn lane on M44 in 2007, along with storm sewer and curb and gutter.

The enhancement of the M44 corridor with sidewalks and lighting will be completed in 2008. The Silk City nature trail will be completed in the fall of 2007.

Improvements to the sanitary sewer system include extensive preventative maintenance in the form of cutting roots from the sewer mains, foaming the cut roots, and relining sewer mains that have dislocated joints. More attention and effort is being placed into preventative maintenance on the sewer system to reduce the possibility and occurrences of sewer backups. A sewer master plan was completed during the year and the initial design for recommended improvements is underway. The first vital improvement is replacement of the Water Street lift station which is currently in the construction stage. The construction stage has also begun on a 3.5 million dollar project to complete the separation of the storm sewer from the sanitary sewer system, upgrade lift stations, and replace difficult sewer mains. The City was recently awarded four sewer grants totaling \$1,509,000.

The Belrockton continues to be improved as construction wraps up on significant upgrades and renovations. A long term plan is being followed for this building.

The Library will finish its' \$3.5 million expansion project in October 2007. This was completed after raising almost \$1,200,000 in donations and securing a loan through the United States Department of Agriculture Rural Development loan pool.

**Cash management policies and practices** The City has a cash management system designed to invest temporarily idle funds in obligations of the United States Government, certificates of deposit from banks, municipal investment pools, and other securities as permitted by state law and the City's investment policy. The maturities of investments generally range from one to three years, although some federal agency securities and negotiable certificate of deposits have longer maturities.

**Risk Management** The Michigan Municipal Liability and Property Pool provides insurance coverage for property, liability, auto, and crime, as well as for workers' compensation. The City's health care coverage is provided through Priority Health, the vision insurance is provided by VSP, and the City is self insured for dental claims. Standard Insurance is the provider for life and disability insurance for City employees.

**Pension and other post employment benefits** The City provides pension benefits for all full-time employees through a defined contribution plan administered by the International City Managers Association Retirement Corporation (ICMA RC), except for the police officers, which are under a defined

benefit plan administered by the Michigan Employment Retirement System (MERS). Under the defined contribution plan, the City contributes 9% of the employee's base annual compensation.

The City provides some post-employment health care benefits for the unionized police officers. All other retirees pay the entire cost of their participation in the health insurance plan.

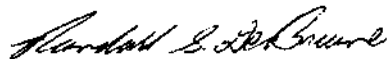
## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belding for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire administrative staff and other City departments that contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Randall S. DeBruine  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belding  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

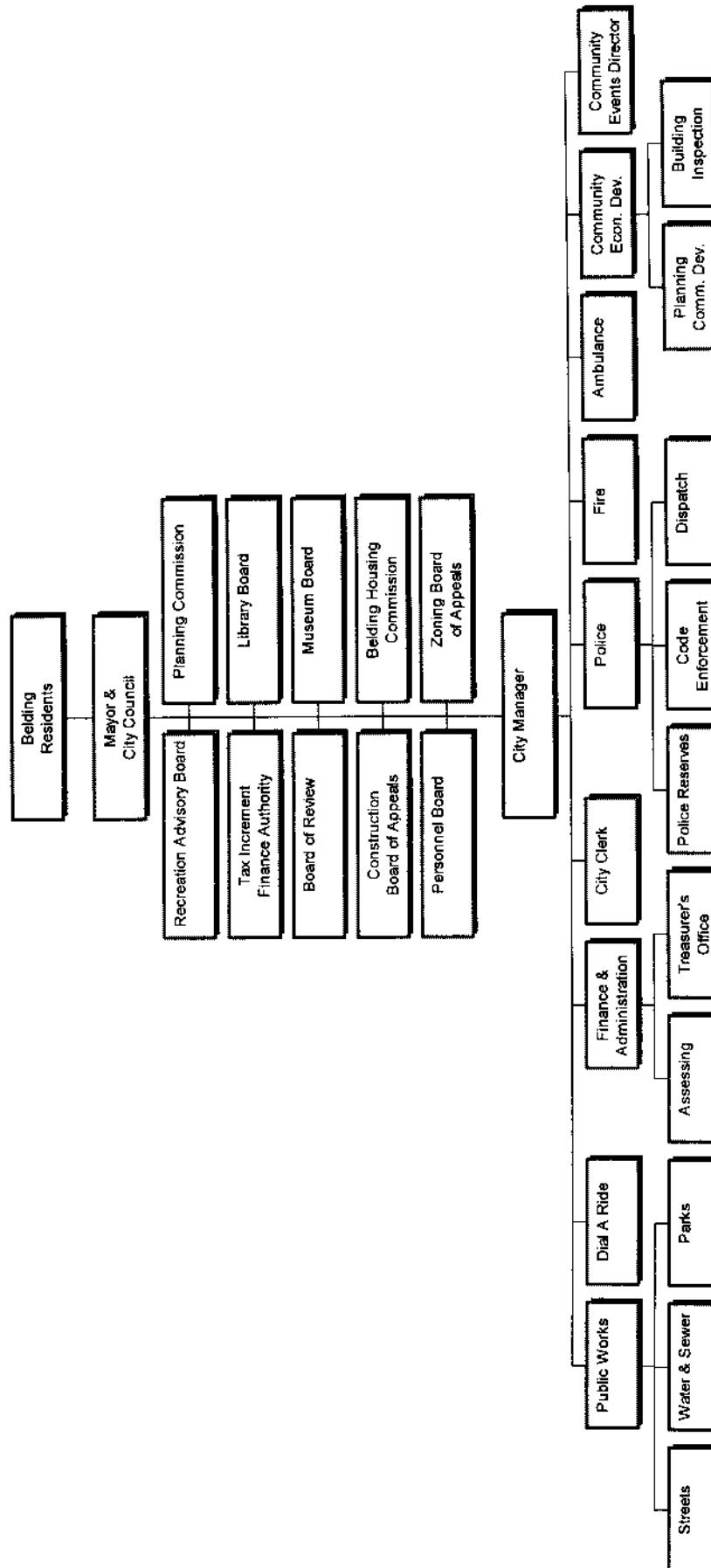


President

Executive Director

# CITY OF BELDING

## ORGANIZATIONAL CHART





*Vredeveld Haefner LLC*

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Grand Rapids, MI 49534  
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## **INDEPENDENT AUDITORS' REPORT**

October 12, 2007

Honorable Mayor and Members of the City Council  
City of Belding, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Belding, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Belding, Michigan as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 12, 2007, on our consideration of the City of Belding's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belding's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non Profit Organizations*, and is also not a required part of the basic financial statements of the City of Belding. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Ordebold Haefner LLC*

## Management's Discussion and Analysis

As management of the City of Belding (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2006-07 Fiscal Year as follows:

- Covered Village Mall parking lot reconstruction was completed utilizing a \$500,000 grant and an installment note of \$600,000. Total project cost was \$1,245,624.
- The City received a Land Assembly Grant of \$156,000 through MSHDA to purchase and raze the Breimayer building.
- Library expansion started during the year with costs through June 30, 2007 of \$1,950,393 and completion scheduled for the fall of 2007.
- Federal and state funding was utilized to purchase a new bus for the Dial-a-Ride program.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues, earned but unused compensated absences, etc.).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and streets, and culture and recreation. The business-type activities of the City include Dial-a-Ride, Sewer, Water, and Ambulance operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Tax Increment Finance Authority (TIFA) and Downtown Development Authority (DDA) for which the City is financially accountable. The DDA was formed in 2006 and 2007 is the first year for which financial activity is reported. Information for these component units is reported separately from the financial information presented for the primary government itself.

**Fund financial statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following three major funds: the General Fund and the Capital Improvements and Library Improvements Capital Project Funds. Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and all special revenue funds. Budgetary comparison statements have been provided for the budgeted funds to demonstrate legal compliance.

**Proprietary funds** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Water, Ambulance, and Dial-a-Ride, operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its supplies and professional fees, building maintenance, fleet of vehicles, and insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Ambulance operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the letter of transmittal, this discussion and analysis, statistical information, and single audit information.

## Government-wide Financial Analysis

**Statement of Net Assets** As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$18,597,570 at the close of the most recent fiscal year. The following chart illustrates the composition of net assets.

### City of Belding's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and other assets	\$ 2,925,692	\$2,680,901	\$ (345,393)	\$ (144,407)	\$ 2,580,299	\$2,536,494
Capital assets	11,365,889	8,386,088	9,417,724	9,337,019	20,783,613	17,723,107
<b>Total assets</b>	<b>14,291,581</b>	<b>11,066,989</b>	<b>9,072,331</b>	<b>9,192,612</b>	<b>23,363,912</b>	<b>20,259,601</b>
<b>Liabilities</b>						
Current liabilities	495,837	220,491	168,980	109,854	664,817	330,345
Long-term liabilities	3,134,939	1,177,073	966,586	1,111,267	4,101,525	2,288,340
<b>Total liabilities</b>	<b>3,630,776</b>	<b>1,397,564</b>	<b>1,135,566</b>	<b>1,221,121</b>	<b>4,766,342</b>	<b>2,618,685</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	8,380,630	7,326,258	8,491,981	8,256,276	16,872,611	15,582,534
Restricted	1,197,065	1,151,857	-	-	1,197,065	1,151,857
Unrestricted	1,083,110	1,190,037	(555,216)	(284,785)	527,894	905,252
<b>Total net assets</b>	<b>\$10,660,805</b>	<b>\$9,669,424</b>	<b>\$7,936,765</b>	<b>\$7,971,491</b>	<b>\$18,597,570</b>	<b>\$17,640,915</b>

By far the largest portion of the City's net assets in the amount of 91% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets in the amount of 6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets in the amount of \$527,894, or 3%, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its governmental-type activities. Business-type activities reported negative unrestricted net assets at year end.

**Statement of Activities** The City's total revenue for the fiscal year ended June 30, 2007, was \$6,980,712. The total cost of all programs and services was \$6,024,057. This results in a net asset increase for the fiscal year of \$956,655. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007.

### City of Belding's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 597,447	\$ 610,101	\$1,749,640	\$1,775,044	\$2,347,087	\$2,385,145
Operating grants and contributions	621,255	657,318	127,415	129,045	748,670	786,363
Capital grants and contributions	1,052,905	1,528,891	246,698	382,630	1,299,603	1,911,521
General revenues						
Property taxes	1,803,492	1,724,967	-	-	1,803,492	1,724,967
State shared revenues	710,668	732,142	-	-	710,668	732,142
Investment earnings	64,325	48,827	6,867	5,169	71,192	53,996
<b>Total revenues</b>	<b>4,850,092</b>	<b>5,302,246</b>	<b>2,130,620</b>	<b>2,291,888</b>	<b>6,980,712</b>	<b>7,594,134</b>
<b>Expenses</b>						
General government	950,345	849,876	-	-	950,345	849,876
Public safety	1,534,902	1,499,635	-	-	1,534,902	1,499,635
Public works and streets	472,115	513,211	-	-	472,115	513,211
Culture and recreation	765,700	722,106	-	-	765,700	722,106
Interest on long-term debt	85,649	57,839	-	-	85,649	57,839
Dial-A-Ride	-	-	285,061	305,875	285,061	305,875
Sewer	-	-	603,563	756,757	603,563	756,757
Water	-	-	796,600	718,658	796,600	718,658
Ambulance	-	-	530,122	555,521	530,122	555,521
<b>Total expenses</b>	<b>3,808,711</b>	<b>3,642,667</b>	<b>2,215,346</b>	<b>2,336,811</b>	<b>6,024,057</b>	<b>5,979,478</b>
<b>Increase (decrease) before transfers</b>	<b>1,041,381</b>	<b>1,659,579</b>	<b>(84,726)</b>	<b>(44,923)</b>	<b>956,655</b>	<b>1,614,656</b>
<b>Transfers in (out)</b>	<b>(50,000)</b>	<b>(30,000)</b>	<b>50,000</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>991,381</b>	<b>1,629,579</b>	<b>(34,726)</b>	<b>(14,923)</b>	<b>956,655</b>	<b>1,614,656</b>
<b>Net assets – beginning</b>	<b>9,669,424</b>	<b>8,039,845</b>	<b>7,971,491</b>	<b>7,986,414</b>	<b>17,640,915</b>	<b>16,026,259</b>
<b>Net assets – ending</b>	<b>\$1 0660,805</b>	<b>\$9,669,424</b>	<b>\$7,936,765</b>	<b>\$7,971,491</b>	<b>\$18,597,570</b>	<b>\$17,640,915</b>

**Governmental Activities** The preceding table shows that the governmental activities increased the City's net assets by \$991,381 during this fiscal year, accounting for 100% of the total growth in net assets. This increase was mostly the result of federal financial assistance received for infrastructure projects.

**Business-type Activities** Business-type activities decreased the City's net assets by \$34,726, or four percent of the total growth in the City's net assets.

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,127,445, a decrease of \$73,765 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the entire fund balance of the General Fund of \$857,428 was unreserved and undesignated. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 36% of total General Fund expenditures including transfers.

The fund balance of the General Fund increased by \$194,152, or 29%, during the current fiscal year. The change in fund balance is highly dependent on the level of transfers to other funds provided by the General Fund.

**Proprietary funds** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer and Water Funds provide service to most residents and businesses of the City. The Sewer Fund net assets increased primarily as a result of a State grant received for capital projects; the Water Fund net assets decreased primarily from depreciation of capital assets.

The Ambulance fund operating loss was primarily the result of significant write-offs of insurance billings and fewer than anticipated medical transfer runs and related revenues during the year.

## **General Fund Budgetary Highlights**

There were no significant budget amendments made during the year in the general fund.

## **Capital Asset and Debt Administration**

**Capital Assets** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$20,783,613 (net of accumulated depreciation). Of this amount, \$11,365,889 was for its governmental type activities and \$9,417,724 was for its business-type activities. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Planning and design in progress for upcoming construction of a lift station and forcemain.
- Expansion and renovation of the library building in progress at year end.
- Reconstruction of the Covered Village Mall parking lot.

Additional information on the City's capital assets can be found in Note 7 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$5,216,002. Of this amount, \$2,985,259 was comprised of debt of governmental funds, \$925,743 represents bonds secured solely by specified revenue sources (i.e., water and sewer revenue bonds), and \$1,305,000 relates to component unit debt (TIFA).

The City's total debt increased by \$1,660,429, during the current fiscal year, due to the issuance of an installment note for the village mall parking lot totaling \$600,000 and Building Authority Bonds of \$1,416,581 for library renovation and construction, offset by the scheduled bond payments made throughout the year. The City's bond rating with Standard & Poor's is a BBB+.

The City debt limit, as defined by statute, is ten percent (10%) of state equalized property values, which currently equals \$11,938,790. Total City long-term debt subject to this limit is \$4,500,000 (including \$1,305,000 of component unit debt, and the remaining amount available to draw on the Building Authority Bonds) at June 30, 2007.

Additional information on the City's long-term debt can be found in Note 9 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered in preparing the City's budget for the 2007/08 fiscal year:

- Anticipated a 4% decrease in Michigan revenue sharing.
- Wage increases of 2 1/2%.
- A 1% increase in property taxes.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the city's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director/Treasurer, 120 S. Pleasant Street, Belding, Michigan 48809.

**CITY OF BELDING**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Primary Government			Component Units	
	Governmental Business-Type		Total	Tax Increment Finance Authority	Downtown Development Authority
	Activities	Activities			
<b>Assets</b>					
Cash and pooled investments	\$ 1,473,581	\$ -	\$ 1,473,581	\$ 167,772	\$ 15,071
Investments	33,500	-	33,500	-	-
Accounts receivable	76,782	487,218	564,000	-	-
Accrued interest receivable	9,931	3	9,934	-	66
Prepaid items	61,450	-	61,450	-	-
Due from other governments	428,726	16,594	445,320	-	-
Internal balances	841,722	(849,208)	(7,486)	-	-
Capital assets					
Land	510,450	57,234	567,684	-	-
Construction in progress	2,277,943	363,330	2,641,273	-	-
Depreciable capital assets, net	8,577,496	8,997,160	17,574,656	-	-
<b>Total assets</b>	<b>14,291,581</b>	<b>9,072,331</b>	<b>23,363,912</b>	<b>167,772</b>	<b>15,137</b>
<b>Liabilities</b>					
Accounts payable	385,743	75,252	460,995	-	-
Accrued liabilities	106,841	40,947	147,788	9,863	-
Customer deposits	-	8,858	8,858	-	-
Unearned revenue	3,253	43,923	47,176	-	-
Noncurrent liabilities					
Compensated absences	149,680	40,843	190,523	-	-
Due within one year	132,377	155,000	287,377	120,000	-
Due in more than one year	2,852,882	770,743	3,623,625	1,185,000	-
<b>Total liabilities</b>	<b>3,630,776</b>	<b>1,135,566</b>	<b>4,766,342</b>	<b>1,314,863</b>	<b>-</b>
<b>Net assets (deficit)</b>					
Invested in capital assets, net of related debt	8,380,630	8,491,981	16,872,611	-	-
Restricted for					
Library	148,808	-	148,808	-	-
Capital Improvements	390,569	-	390,569	-	-
Major streets	149,054	-	149,054	-	-
Local streets	156,500	-	156,500	-	-
Museum	53,019	-	53,019	-	-
Drug forfeitures	32,785	-	32,785	-	-
Permanent trusts					
Riverridge Cemetery - expendable portion	12,375	-	12,375	-	-
Riverridge Cemetery - corpus	95,364	-	95,364	-	-
Alvah N. Belding Library - corpus	33,500	-	33,500	-	-
Building Authority debt service	125,091	-	125,091	-	-
Unrestricted (deficit)	1,083,110	(555,216)	527,894	(1,147,091)	15,137
<b>Total net assets (deficit)</b>	<b>\$ 10,860,805</b>	<b>\$ 7,936,765</b>	<b>\$ 18,597,570</b>	<b>\$ (1,147,091)</b>	<b>\$ 15,137</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 950,345	\$ 307,998	\$ 12,090	\$ 646,000	\$ 15,743
Public safety	1,534,902	231,289	7,404	-	(1,296,209)
Public works and streets	472,115	18,174	451,813	-	(2,128)
Culture and recreation	765,700	39,986	149,948	406,905	(168,861)
Interest on long-term debt	85,649	-	-	-	(85,649)
<b>Total governmental activities</b>	<b>3,808,711</b>	<b>597,447</b>	<b>621,255</b>	<b>1,052,905</b>	<b>(1,537,104)</b>
Business-type activities					
Dial-a-Ride	285,061	65,359	127,407	51,719	(40,576)
Sewer	603,563	670,700	-	194,979	262,116
Water	796,600	615,208	-	-	(181,392)
Ambulance	530,122	398,373	8	-	(131,741)
<b>Total business-type activities</b>	<b>2,215,346</b>	<b>1,749,640</b>	<b>127,415</b>	<b>246,698</b>	<b>(91,593)</b>
<b>Total primary government</b>	<b>\$ 6,024,057</b>	<b>\$ 2,347,087</b>	<b>\$ 748,670</b>	<b>\$ 1,299,603</b>	<b>\$ (1,628,697)</b>
<b>Component units</b>					
Tax Increment Finance Authority	\$ 64,009	\$ -	\$ -	\$ -	\$ (64,009)
Downtown Development Authority	-	-	-	-	-
<b>Total component units</b>	<b>\$ 64,009</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (64,009)</b>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Tax Increment Finance Authority	Downtown Development Authority
<b>Changes in net assets</b>					
<b>Net (expense) revenue</b>	\$ (1,537,104)	\$ (91,593)	\$ (1,628,697)	\$ (64,009)	\$ -
General revenues					
Property taxes					
General operating	1,394,139	-	1,394,139	162,524	14,524
Capital improvement	184,961	-	184,961	-	-
County-wide library	224,392	-	224,392	-	-
State shared revenues - unrestricted	710,668	-	710,668	-	-
Interest earnings	64,325	6,867	71,192	9,060	613
Transfers - internal activities	(50,000)	50,000	-	-	-
<b>Total general revenues and transfers</b>	<u>2,528,485</u>	<u>56,867</u>	<u>2,585,352</u>	<u>171,584</u>	<u>15,137</u>
Change in net assets	991,381	(34,726)	956,655	107,575	15,137
<b>Net assets (deficit), beginning of year</b>	<u>9,669,424</u>	<u>7,971,491</u>	<u>17,640,915</u>	<u>(1,254,666)</u>	<u>-</u>
<b>Net assets (deficit), end of year</b>	<u>\$ 10,660,805</u>	<u>\$ 7,936,765</u>	<u>\$ 18,597,570</u>	<u>\$ (1,147,091)</u>	<u>\$ 15,137</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2007**

	<u>General</u>	<u>Capital Improvements</u>	<u>Library Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ -	\$ 483,443	\$ 9,992	\$ 658,744	\$ 1,152,179
Investments	-	-	-	33,500	33,500
Accounts receivable	23,849	-	-	50,000	73,849
Accrued interest receivable	3,992	2,103	-	2,489	8,584
Prepaid items	16,381	-	-	-	16,381
Due from other funds	772,682	-	-	146,169	918,851
Due from other governments	130,209	-	227,379	71,138	428,726
<b>Total assets</b>	<u>\$ 947,113</u>	<u>\$ 485,546</u>	<u>\$ 237,371</u>	<u>\$ 962,040</u>	<u>\$ 2,632,070</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 21,254	\$ 96,069	\$ 236,279	\$ 19,029	\$ 372,631
Accrued liabilities	57,692	-	-	13,564	71,256
Due to other funds	7,486	-	-	-	7,486
Deferred revenue	3,253	-	-	50,000	53,253
<b>Total liabilities</b>	<u>89,685</u>	<u>96,069</u>	<u>236,279</u>	<u>82,593</u>	<u>504,626</u>
<b>Fund balances</b>					
Reserved for					
Nonmajor permanent fund corpus	-	-	-	128,864	128,864
Unreserved					
Undesignated	857,428	389,477	1,092	-	1,247,997
Undesignated reported in nonmajor					
Special revenue funds	-	-	-	736,571	736,571
Debt service fund	-	-	-	1,637	1,637
Permanent funds	-	-	-	12,375	12,375
<b>Total fund balances</b>	<u>857,428</u>	<u>389,477</u>	<u>1,092</u>	<u>879,447</u>	<u>2,127,444</u>
<b>Total liabilities and fund balances</b>	<u>\$ 947,113</u>	<u>\$ 485,546</u>	<u>\$ 237,371</u>	<u>\$ 962,040</u>	<u>\$ 2,632,070</u>

The accompanying notes are an integral part of these financial statements.



# CITY OF BELDING

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2007

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Fund balances - total governmental funds	\$ 2,127,444
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Amounts reported for *governmental activities* in the statement of net assets are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	510,450
Add - construction in progress	2,788,393
Add - capital assets (net of accumulated depreciation)	7,445,328

Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

Add - Richardson Mills deferred revenue	50,000
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An internal service fund is used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net assets of governmental activities accounted for in the internal service funds	905,851
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(147,875)
Deduct - debt payable	(2,985,259)
Deduct - accrued interest on debt payable	<u>(33,527)</u>

Net assets of governmental activities	<u>\$ 10,660,805</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Capital Improvements</u>	<u>Library Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 1,394,139	\$ 184,961	\$ -	\$ 224,392	\$ 1,803,492
Intergovernmental revenues					
Federal	12,590	680,654	-	-	693,244
State	710,668	-	-	440,438	1,151,106
Licenses and permits	12,612	-	-	-	12,612
Charges for services	292,915	-	-	117,434	410,349
Fines	18,818	-	-	108,537	127,355
Donations	600	-	372,251	31,509	404,360
Miscellaneous	140,936	8,392	-	109,675	259,003
<b>Total revenues</b>	<u>2,583,278</u>	<u>874,007</u>	<u>372,251</u>	<u>1,031,985</u>	<u>4,861,521</u>
<b>Expenditures</b>					
Current					
General government	638,133	-	-	-	638,133
Public safety	1,239,106	-	-	172,461	1,411,567
Public works and streets	-	-	-	443,877	443,877
Culture and recreation	216,361	-	-	337,089	553,450
Debt service					
Principal	56,152	-	-	35,000	91,152
Interest	10,524	-	-	50,587	61,111
Capital Outlay	-	1,652,238	2,050,339	-	3,702,577
<b>Total expenditures</b>	<u>2,160,276</u>	<u>1,652,238</u>	<u>2,050,339</u>	<u>1,039,014</u>	<u>6,901,867</u>
Revenues over (under) expenditures	<u>423,002</u>	<u>(778,231)</u>	<u>(1,678,088)</u>	<u>(7,029)</u>	<u>(2,040,346)</u>
Other financing sources (uses)					
Bond issuance	-	600,000	1,416,581	-	2,016,581
Transfers in	-	330,000	350,000	310,123	990,123
Transfers out	(228,850)	-	-	(811,273)	(1,040,123)
<b>Total other financing sources (uses)</b>	<u>(228,850)</u>	<u>930,000</u>	<u>1,766,581</u>	<u>(501,150)</u>	<u>1,966,581</u>
Net changes in fund balances	194,152	151,769	88,493	(508,179)	(73,765)
<b>Fund balances, beginning of year</b>	<u>663,276</u>	<u>237,708</u>	<u>(87,401)</u>	<u>1,387,627</u>	<u>2,201,210</u>
<b>Fund balances, end of year</b>	<u>\$ 857,428</u>	<u>\$ 389,477</u>	<u>\$ 1,092</u>	<u>\$ 879,448</u>	<u>\$ 2,127,445</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF BELDING

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

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Net changes in fund balances - total governmental funds	\$ (73,765)
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	3,338,197
Deduct - depreciation expense	(332,349)

Contract receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

Deduct - contract receipts	(10,000)
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - issuance of debt	(2,016,581)
Add - principal payments on debt	91,152

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	(31,346)
Deduct - increase in accrued interest	(24,537)

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - net income from the internal service funds	<u>50,610</u>
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Change in net assets of governmental activities	<u>\$ 991,381</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 1,361,500	\$ 1,393,500	\$ 1,394,139	\$ 639
Intergovernmental revenues				
Federal	-	-	12,590	12,590
State	737,000	737,000	710,668	(26,332)
Licenses and permits	15,000	15,000	12,612	(2,388)
Charges for services	244,500	282,169	292,915	10,746
Fines	16,620	16,620	18,818	2,198
Special assessment	2,500	2,500	-	(2,500)
Donations	-	-	600	600
Miscellaneous	74,500	96,899	140,936	44,037
<b>Total revenues</b>	<b>2,451,620</b>	<b>2,543,688</b>	<b>2,583,278</b>	<b>39,590</b>
<b>Expenditures</b>				
Current				
General government	692,934	734,671	638,133	96,538
Public safety	1,291,625	1,241,625	1,239,106	2,519
Culture and recreation	247,275	250,275	216,361	33,914
Debt service				
Principal	-	56,152	56,152	-
Interest and fiscal charges	67,000	10,848	10,524	324
<b>Total expenditures</b>	<b>2,298,834</b>	<b>2,293,571</b>	<b>2,160,276</b>	<b>133,295</b>
<b>Revenues over (under) expenditures</b>	<b>152,786</b>	<b>250,117</b>	<b>423,002</b>	<b>172,885</b>
Transfers out	(228,850)	(228,850)	(228,850)	-
Net changes in fund balance	(76,064)	21,267	194,152	172,885
<b>Fund balance, beginning of year</b>	<b>663,276</b>	<b>663,276</b>	<b>663,276</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 587,212</b>	<b>\$ 684,543</b>	<b>\$ 857,428</b>	<b>\$ 172,885</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF BELDING

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS

JUNE 30, 2007

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
Assets	Sewer	Water	Ambulance	Nonmajor		
Current assets						
Cash and pooled investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,402
Accounts receivable	221,236	178,066	87,916	-	487,218	2,933
Accrued interest receivable	-	3	-	-	3	1,347
Prepaid items	-	-	-	-	-	45,069
Due from other governments	-	-	-	16,594	16,594	-
Total current assets	221,236	178,069	87,916	16,594	503,815	370,751
Capital assets						
Land	44,814	12,420	-	-	57,234	-
Construction in progress	363,330	-	-	-	363,330	-
Land improvements	11,463	-	-	-	11,463	-
Buildings and equipment	1,544,295	2,591,280	5,611	618,051	4,759,237	221,904
Vehicles	-	-	188,216	315,530	503,746	1,846,877
Infrastructure	4,033,101	4,144,603	-	-	8,177,704	-
Less accumulated depreciation	(2,091,618)	(2,037,720)	(62,151)	(263,501)	(4,454,990)	(1,447,063)
Net capital assets	3,905,385	4,710,583	131,676	670,080	9,417,724	621,718
Total assets	4,126,621	4,888,652	219,592	686,674	9,921,539	992,469
Liabilities						
Current liabilities						
Accounts payable	42,621	16,929	14,809	893	75,252	13,112
Accrued liabilities	8,538	11,803	15,351	5,255	40,947	2,058
Due to other funds	344,642	93,302	325,421	85,843	849,208	69,643
Unearned revenue	-	-	9,198	34,725	43,923	-
Customer deposits	-	8,858	-	-	8,858	-
Current portion of long-term debt	125,000	30,000	-	-	155,000	-
Total current liabilities	520,801	160,892	364,779	126,716	1,173,188	84,813
Long-term liabilities						
Compensated absences	13,723	7,543	16,060	3,517	40,843	1,805
Bonds payable, net of current portion	195,743	575,000	-	-	770,743	-
Total long-term liabilities	209,466	582,543	16,060	3,517	811,586	1,805
Total liabilities	730,267	743,435	380,839	130,233	1,984,774	86,618
Net assets (deficit)						
Investment in capital assets net of related debt	3,584,642	4,105,583	131,676	670,080	8,491,981	621,718
Unrestricted (deficit)	(188,288)	39,634	(292,923)	(113,639)	(555,216)	284,133
Total net assets (deficit)	\$ 3,396,354	\$ 4,145,217	\$ (161,247)	\$ 556,441	\$ 7,936,765	\$ 905,851

The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Sewer	Water	Ambulance	Nonmajor		
<b>Operating revenue</b>						
Charges for services	\$ 657,399	\$ 604,199	\$ 395,628	\$ 65,092	\$ 1,722,318	\$ 1,281,175
Other	13,301	11,009	3,017	267	27,594	-
<b>Total operating revenue</b>	<u>670,700</u>	<u>615,208</u>	<u>398,645</u>	<u>65,359</u>	<u>1,749,912</u>	<u>1,281,175</u>
<b>Operating expense</b>						
Personnel services	179,716	205,849	415,343	118,988	919,896	47,963
Contractual services	63,765	101,527	26,904	65,107	257,303	788,916
Benefits	37,000	41,350	39,000	18,329	135,679	9,715
Materials and supplies	39,893	33,535	24,609	21,535	119,572	63,430
Utilities	27,995	69,228	998	8,848	107,069	76,563
Repair and maintenance	62,139	87,568	6,436	11,565	167,708	158,836
Equipment rentals	66,100	66,100	-	879	133,079	-
Depreciation	115,947	169,752	11,598	34,033	331,330	75,155
Miscellaneous	489	2,410	5,234	5,777	13,910	8,558
<b>Total operating expense</b>	<u>593,044</u>	<u>777,319</u>	<u>530,122</u>	<u>285,061</u>	<u>2,185,546</u>	<u>1,229,136</u>
<b>Operating income (loss)</b>	<u>77,656</u>	<u>(162,111)</u>	<u>(131,477)</u>	<u>(219,702)</u>	<u>(435,634)</u>	<u>52,039</u>
<b>Non-operating revenue (expense)</b>						
Federal grants	-	-	-	89,514	89,514	-
State grants	194,979	-	-	89,447	284,426	-
Miscellaneous	-	-	(264)	165	(99)	-
Interest income	4,210	3,065	(408)	-	6,867	(1,429)
Interest expense	(10,519)	(19,281)	-	-	(29,800)	-
<b>Total non-operating revenue (expense)</b>	<u>188,670</u>	<u>(16,216)</u>	<u>(672)</u>	<u>179,126</u>	<u>350,908</u>	<u>(1,429)</u>
<b>Income (loss) before transfers</b>	<u>266,326</u>	<u>(178,327)</u>	<u>(132,149)</u>	<u>(40,576)</u>	<u>(84,726)</u>	<u>50,610</u>
<b>Transfers</b>						
Transfers in	-	-	-	65,000	65,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-	(15,000)	-
<b>Total transfers</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>65,000</u>	<u>50,000</u>	<u>-</u>
<b>Changes in net assets</b>	<u>261,326</u>	<u>(183,327)</u>	<u>(137,149)</u>	<u>24,424</u>	<u>(34,726)</u>	<u>50,610</u>
<b>Net assets (deficit), beginning of year</b>	<u>3,135,028</u>	<u>4,328,544</u>	<u>(24,098)</u>	<u>532,017</u>	<u>7,971,491</u>	<u>855,241</u>
<b>Net assets (deficit), end of year</b>	<u>\$ 3,396,354</u>	<u>\$ 4,145,217</u>	<u>\$ (161,247)</u>	<u>\$ 556,441</u>	<u>\$ 7,936,765</u>	<u>\$ 905,851</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF BELDING

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Sewer	Water	Ambulance	Nonmajor		
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,282,570
Receipts from customers and users	477,379	760,793	429,348	91,513	1,759,033	-
Payments to employees	(174,024)	(204,015)	(410,591)	(120,596)	(909,226)	(45,393)
Payments to suppliers	(285,823)	(383,310)	(88,062)	(134,762)	(891,957)	(1,191,224)
<b>Net cash provided by (used in) operating activities</b>	<b>17,532</b>	<b>173,468</b>	<b>(69,305)</b>	<b>(163,845)</b>	<b>(42,150)</b>	<b>45,953</b>
<b>Cash flows from non-capital financing activities</b>						
Loan from other funds	253,018	(122,249)	104,583	(28,397)	206,955	34,820
Operating grants	-	-	-	127,242	127,242	-
Transfers in	-	-	-	65,000	65,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-	(15,000)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>248,018</b>	<b>(127,249)</b>	<b>99,583</b>	<b>163,845</b>	<b>384,197</b>	<b>34,820</b>
<b>Cash flows from capital and related financing activities</b>						
Interest expense	(10,519)	(19,281)	-	-	(29,800)	-
Capital grants	194,979	-	-	51,719	246,698	-
Principal on bonds	(125,000)	(30,000)	-	-	(155,000)	-
Acquisitions of capital assets	(330,443)	-	(29,870)	(51,719)	(412,032)	(49,107)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(270,983)</b>	<b>(49,281)</b>	<b>(29,870)</b>	<b>-</b>	<b>(350,134)</b>	<b>(49,107)</b>
<b>Cash flows from investing activities</b>						
Interest income	5,433	3,062	(408)	-	8,087	7,237
<b>Net cash provided by (used in) investing activities</b>	<b>5,433</b>	<b>3,062</b>	<b>(408)</b>	<b>-</b>	<b>8,087</b>	<b>7,237</b>
Net increase (decrease) in cash and pooled investments	-	-	-	-	-	38,903
Cash and pooled investments, beginning of year	-	-	-	-	-	282,499
Cash and pooled investments, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,402
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 77,656	\$ (162,111)	\$ (131,477)	\$ (219,702)	\$ (435,634)	\$ 52,039
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	115,947	169,752	11,598	34,033	331,330	75,155
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(193,321)	150,081	44,520	(8,571)	(7,291)	1,395
Prepaid items	-	-	-	-	-	(45,069)
Accounts payable	9,112	10,549	14,514	(2,722)	31,453	(38,935)
Accrued liabilities	2,446	7,859	605	351	11,261	277
Compensated absences	5,692	1,834	4,752	(1,959)	10,319	1,091
Unearned revenue	-	-	(13,817)	34,725	20,908	-
Customer deposits	-	(4,496)	-	-	(4,496)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 17,532</b>	<b>\$ 173,468</b>	<b>\$ (69,305)</b>	<b>\$ (163,845)</b>	<b>\$ (42,150)</b>	<b>\$ 45,953</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BELDING**  
**AGENCY FUND**  
**STATEMENT OF NET ASSETS**  
  
**JUNE 30, 2007**

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	<b>Agency Fund</b>
<b>Assets</b>	
Cash and pooled investments	\$ 16,238
Due from other governments	38,909
Due from other funds	<u>46,395</u>
<b>Total assets</b>	<b><u>\$ 101,542</u></b>
 <b>Liabilities</b>	
Accounts payable	\$ 62,633
Due to other funds	<u>38,909</u>
<b>Total liabilities</b>	<b><u>\$ 101,542</u></b>

The accompanying notes are an integral part of these financial statements.



# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Belding, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### ***Reporting Entity***

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. A separate section of the Basic Financial Statements provides detailed financial information on the discretely presented component units.

#### ***Blended Component Unit***

The Belding Building Authority — The members of the governing board of the Building Authority are appointed by the City Council. The City has significant influence over operations of the Building Authority and is also accountable for its fiscal matters. The Building Authority provides services exclusively to the primary government.

#### ***Discretely Presented Component Units***

The component unit columns in the basic financial statements include the financial data of the Downtown Development Authority (DDA) and the Tax Increment Finance Authority (TIFA). These entities are reported in separate columns to emphasize that they are legally separate from the City. The City also has a Local Development Finance Authority (LDFA) component unit which had no financial assets or financial activity during the year. The LDFA was formed in 1993 and the bonds related to this entity have been paid and the related projects have been completed. The members of the governing boards of these Authorities are appointed by the City Council. The budgets of these Authorities must be approved by the City Council, and the City has the ability to significantly influence their operations. Financial statements are not separately issued for the component units.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for shared costs, equipment utilization, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Capital Improvements Fund* accounts for the accumulation and disbursement of resources for the construction of City capital projects. Funding is derived through a two-mill capital improvements tax levy.

The *Library Improvement Fund* accounts for the accumulation and disbursement of resources for the renovation of the Alvah N. Belding Library. Funding is derived through a USDA Rural Development bond issue and contributions from the community.

The City reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the City's sewer department that provides sewer services to most residents of the City on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the City's water department that provides water services to most residents of the City on a user charge basis.

The *Ambulance Enterprise Fund* is used to account for the revenues and expenses related to the City-run ambulance service. This fund is primarily funded through user fees combined with a General Fund appropriation and township contractual agreements.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Permanent Funds* are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Alvah N. Belding Library Fund* accounts for the donations to the City that stipulated that the principal be preserved and only the interest be used for library operations.

The *River Ridge Cemetery Fund* accounts for the revenue received in prior years from perpetual care charges paid by the families of those persons buried in the cemetery. The principal in this fund must be maintained intact per state law and the interest earnings are transferred to the General Fund to help finance the care of cemeteries.

The *Dial-a-Ride Transit Enterprise Fund* is used to account for the operation of the public transportation system. Revenues are derived from Federal and State operating assistance along with passenger fares and various contracts with other entities.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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The *Internal Service Funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *Agency Funds* are used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments, and payroll activities for both the City and Housing Commission.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

***Budgets and Budgetary Accounting***

Comparisons to budget are presented for General and Special Revenue Funds. General and Special Revenue Funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within a department subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

***Investments***

Investments are stated at fair value at the balance sheet date.

State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

***Receivables***

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are estimated to be \$96,755 at year-end, based on outstanding billings for ambulance services in the Ambulance Enterprise Fund.

***Due to and Due from Other Funds***

Interfund receivables and payables are short term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

***Capital Assets***

Capital assets, which include land, construction in progress, buildings and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes only assets added since 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Land improvements	15-20
Buildings and equipment	5-50
Vehicles	5-15
Public domain infrastructure	20-50
System infrastructure	10-75

***Deferred Revenue***

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Fire service contracts (General Fund)	\$ 3,253
Receivable from Richardson Mills Partnership (Richardson Mills Fund)	<u>50,000</u>
Total governmental funds	53,253
 Ambulance contracts (Ambulance Enterprise Fund)	 9,198
Dial-A-Ride unearned grant revenue	<u>34,725</u>
	<u>\$ 97,176</u>

***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**CITY OF BELDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***Compensated Absences***

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick time benefits under formulas and conditions specified in the contracts. Accumulated vacation and sick time of governmental funds is recorded on the statement of net assets and not on the governmental fund balance sheets because it is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds.

***Property Taxes***

City property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before August 15. These summer tax bills include the City's own property taxes and taxes billed on behalf of other taxing units within the City limits. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer.

Property taxes levied in July of each year are recognized as revenue in that year.

***Grants and Other Intergovernmental Revenues***

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

***Interfund Transactions***

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

**2. DEFICIT FUND BALANCE/NET ASSETS**

At June 30, 2007 the City had a deficit of net assets in the Tax Increment Finance Authority (TIFA) of \$1,147,091, and the Ambulance Enterprise Fund of \$161,247.

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

### 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

During the year ended June 30, 2007, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
<b>General Fund</b>			
Public Safety			
Fire department	\$463,100	\$469,900	\$(6,800)
<b>Museum Fund</b>			
Culture and recreation	22,500	24,961	(2,461)

### 4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$1,473,581	\$182,843	\$16,238	\$1,672,662
Investments	33,500	-	-	33,500
	<u>\$1,507,081</u>	<u>\$182,843</u>	<u>\$16,238</u>	<u>\$1,706,162</u>

Cash and pooled investments and investments captions consist of the following at June 30, 2007:

Deposits and certificates of deposit	\$ 785,004
Mutual funds and securities	<u>921,158</u>
Total	<u>\$1,706,162</u>

The deposits are in seven financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$859,451 of the City's bank balance of \$1,161,405 was exposed to custodial credit risk.



# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

### ***Investments***

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following deposits and investments:

	<u><b>Maturity</b></u>	<u><b>Fair Value</b></u>	<u><b>Rating</b></u>	<u><b>Source</b></u>
Mutual fund	Various	\$405,170	None	
Mutual fund	Various	17,083	None	
FHLB	7/24/08	498,905	AAA	S&P
		<u><b>\$921,158</b></u>		

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

### ***Investment and deposit risk***

***Interest Rate Risk.*** State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

***Credit Risk.*** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

***Custodial Credit Risk - Investments.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$921,158 of investments, the City has a custodial credit risk of \$498,905 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

***Concentration of Credit Risk.*** State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2007**

### 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of individual funds at June 30, 2007 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>							<u>Total</u>
	<u>General fund</u>	<u>Sewer fund</u>	<u>Water fund</u>	<u>Ambulance fund</u>	<u>Internal Service funds</u>	<u>Other enterprise fund</u>	<u>Fiduciary funds</u>	
General fund	\$ -	\$198,473	\$93,302	\$325,421	\$69,643	\$85,843	\$ -	\$772,682
Nonmajor governmental funds	-	146,169	-	-	-	-	-	146,169
Fiduciary funds	7,486	-	-	-	-	-	38,909	46,395
<b>Total</b>	<b>\$7,486</b>	<b>\$344,642</b>	<b>\$93,302</b>	<b>\$325,421</b>	<b>\$69,643</b>	<b>\$85,843</b>	<b>\$38,909</b>	<b>\$965,246</b>

Interfund balances primarily reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

### 6. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2007 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>				<u>Total</u>
	<u>Capital Improvements fund</u>	<u>Library Improvement fund</u>	<u>Other governmental funds</u>	<u>Other enterprise fund</u>	
General fund	\$ -	\$ -	\$ 163,850	\$ 65,000	\$ 228,850
Sewer	-	-	5,000	-	5,000
Water	-	-	5,000	-	5,000
Ambulance	-	-	5,000	-	5,000
Nonmajor governmental funds	330,000	350,000	131,273	-	811,273
<b>Total</b>	<b>\$ 330,000</b>	<b>\$ 350,000</b>	<b>\$ 310,123</b>	<b>\$ 65,000</b>	<b>\$1,055,123</b>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

A transfer of \$172,500 was made from the Tax Increment Finance Authority (TIFA) general fund to the TIFA debt service fund to assist with payment of long-term debt.

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2007**

### 7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2007</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 510,450	\$ -	\$ -	\$ 510,450
Construction in Progress	957,814	2,557,105	1,236,976	2,277,943
Total capital assets, not being depreciated	1,468,264	2,557,105	1,236,976	2,788,393
<b>Capital assets, being depreciated</b>				
Land improvements	1,775,597	1,307,250	-	3,082,847
Buildings and improvements	2,112,081	617,915	-	2,729,996
Furniture and equipment	468,264	-	-	468,264
Motor vehicles	2,698,066	49,107	58,520	2,688,653
Infrastructure	3,716,158	92,903	-	3,809,061
Total capital assets, being depreciated	10,770,166	2,067,175	58,520	12,778,821
Less accumulated depreciation for				
Land improvements	725,455	73,361	-	798,816
Buildings and improvements	1,232,874	78,759	-	1,311,633
Furniture and equipment	212,390	40,921	-	253,311
Motor vehicles	1,602,636	100,571	58,520	1,644,687
Infrastructure	78,986	113,892	-	192,878
Total accumulated depreciation	3,852,341	407,504	58,520	4,201,325
<b>Net capital assets, being depreciated</b>	6,917,825	1,659,671	-	8,577,496
<b>Governmental Activities capital assets, net</b>	<b>\$ 8,386,089</b>	<b>\$ 4,216,776</b>	<b>\$ 1,236,976</b>	<b>\$ 11,365,889</b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 57,234	\$ -	\$ -	\$ 57,234
Construction in Progress	32,887	330,443	-	363,330
Total capital assets, not being depreciated	90,121	330,443	-	420,564
<b>Capital assets being depreciated</b>				
Land improvements	11,463	-	-	11,463
Buildings and equipment	4,759,237	-	-	4,759,237
Vehicles	466,967	81,589	44,810	503,746
Infrastructure	8,177,704	-	-	8,177,704
Total capital assets, being depreciated	13,415,371	81,589	44,810	13,452,150
Less accumulated depreciation for				
Land improvements	11,463	-	-	11,463
Buildings and equipment	1,661,066	94,975	-	1,756,041
Vehicles	260,938	30,140	44,810	246,268
Infrastructure	2,235,003	206,215	-	2,441,218
Total accumulated depreciation	4,168,470	331,330	44,810	4,454,990
<b>Net capital assets, being depreciated</b>	9,246,901	(249,741)	-	8,997,160
<b>Business-type Activities capital assets, net</b>	<b>\$ 9,337,022</b>	<b>\$ 80,702</b>	<b>\$ -</b>	<b>\$ 9,417,724</b>

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
General government	\$ 152,881
Public safety	56,499
Public works and streets	106,352
Culture and recreation	16,617
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	<u>75,155</u>
<b>Total depreciation expense - governmental activities</b>	<u>\$407,504</u>
<b>Business-type Activities</b>	
Dial-a-Ride	\$ 34,033
Sewer	115,947
Water	169,752
Ambulance	<u>11,598</u>
<b>Total depreciation expense - business- type activities</b>	<u>\$331,330</u>

### 8. PENSION PLANS

#### Defined Contribution Pension Plan

The City of Belding's Employee Retirement System is a defined contribution plan, which provides pension benefits to substantially all employees working more than 1,000 hours per year exclusive of those electing participation in the defined benefit plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon employment. For employees hired prior to December 1, 2003, the City contributes 9% of each participant's base salary to the plan. The City's contributions are vested 100% upon hire. Employees hired after December 1, 2003 are required to contribute at least 2% of their base salary to be eligible for City contributions which range from 6% to 10% based on the employees contribution. The City's contributions for this employee group vest 25% per year and are 100% vested after four years. The plan provisions and contribution amounts were established by City Council and may be amended by City Council. The plan is administered by the ICMA.

The City's total payroll for the year ending June 30, 2007 was \$2,412,357. The City's contribution of \$113,542 was calculated using the base salary amount of \$1,261,574. City employees also made voluntary contributions to the plan totaling \$15,524, which was 1.2% of covered payroll.

Library employees are covered under a separate plan in which the City is contributing to separate retirement annuity accounts for four individuals. The contributions to the plan were \$9,860 based on covered payroll in the amount of \$98,601 for the year ended June 30, 2007, which was 10% of covered payroll.

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

### Defined Benefit Plan

#### Plan Description

Certain bargaining units of the City participate in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

The City is required to contribute at an actuarially determined rate, which for the current year was 12.5% of annual covered payroll. Participating employees are required to contribute 7% of gross wages to the Plan. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2007, the City's annual pension cost of \$42,138 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

#### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/05	\$42,028	100%	\$ -
6/30/06	44,632	100%	-
6/30/07	42,138	100%	-

#### Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/04	\$670,353	\$1,418,331	\$747,978	47%	\$351,796	213%
12/31/05	707,033	1,456,594	749,561	49%	341,115	220%
12/31/06	795,754	1,659,984	864,230	48%	334,169	259%

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2007

#### 9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2007:

	Balance July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2007</u>	Due Within One Year
<b>Governmental Activities</b>					
\$400,000 Fire truck installment purchase agreement. Payments due in annual installments of \$51,531 to \$63,874 through May 2010, plus interest at 4.388%.	\$ 239,830	\$ -	\$ 56,152	\$ 183,678	\$ 58,616
\$600,000, 2006 Parking lot installment note. Payments due in annual installments of \$56,060 through November 1, 2021, including interest at 4.55%.	-	600,000	-	600,000	28,761
\$950,000 Building Authority Bonds, Series 2000. Payments due in annual installments of \$30,000 to \$80,000 through November 1, 2020, plus interest at 5.25% to 5.375%.	820,000	-	35,000	785,000	40,000
Building Authority Bonds, Series 2006, issued through USDA Rural Development. Payments due in annual installments of \$5,000 to \$150,000 through 2046, plus interest at 4.25%	-	1,416,581	-	1,416,581	5,000
<b>Total debt</b>	<b>1,059,830</b>	<b>2,016,581</b>	<b>91,152</b>	<b>2,985,259</b>	<b>132,377</b>
Accrued employee benefits	116,529	39,318	6,167	149,680	39,318
<b>Total Governmental Activities</b>	<b>1,176,359</b>	<b>2,055,899</b>	<b>97,319</b>	<b>3,134,939</b>	<b>171,695</b>
<b>Business-type Activities</b>					
\$2,245,000 City of Belding Sanitary Sewer System Revenue Bonds, Series 1992. Bonds due in annual installments of \$105,000 to \$130,000 through April 1, 2010; interest at 2.0%.	445,743	-	125,000	320,743	125,000
City of Belding Act 94 Water Supply System Revenue Bonds due in annual installments of \$25,000 to \$45,000 through October 1, 2023; interest at 2.50%.	635,000	-	30,000	605,000	30,000
<b>Total Business-type Activities</b>	<b>1,080,743</b>	<b>-</b>	<b>155,000</b>	<b>925,743</b>	<b>155,000</b>

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2007**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
<b>Component Units</b>					
Tax Increment Finance Authority:					
\$1,850,000 Tax Increment Refunding Bonds, due in annual installments of \$20,000 to \$200,000 through May 1, 2015; interest at 3.75% to 4.75%.	\$1,415,000	\$ -	\$110,000	\$1,305,000	\$120,000
<b>Total Long-term Debt - Reporting Entity</b>	<b>\$3,672,102</b>	<b>\$2,055,899</b>	<b>\$362,319</b>	<b>\$5,365,682</b>	<b>\$446,695</b>

The series 2006 Building Authority Bonds were issued through a United States Department of Agriculture program which provides for bond proceeds to be received as the library construction project progresses to a maximum amount of \$2,410,000. The following future minimum payment schedule only includes debt outstanding at June 30, 2007.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2007 are as follows:

	Governmental Activities		Business-type Activities		Component Units	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 132,377	\$ 196,082	\$ 155,000	\$ 21,165	\$ 120,000	\$ 59,775
2009	136,257	189,677	160,000	17,915	135,000	54,435
2010	140,311	183,099	95,743	14,565	145,000	48,428
2011	82,867	176,209	30,000	12,501	155,000	41,975
2012	91,363	171,628	30,000	11,751	170,000	35,000
2013-2017	611,740	764,794	175,000	45,940	580,000	61,191
2018-2022	738,763	559,753	195,000	23,067	-	-
2023-2027	264,000	392,946	85,000	2,189	-	-
2028-2032	325,000	267,360	-	-	-	-
2033-2037	395,000	115,210	-	-	-	-
2038	67,581	2,872	-	-	-	-
<b>Total</b>	<b>\$2,985,259</b>	<b>\$3,019,630</b>	<b>\$ 925,743</b>	<b>\$ 149,093</b>	<b>\$ 1,305,000</b>	<b>\$ 300,804</b>

### 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. The City is self-funded for dental insurance and carries commercial health, and optical insurance. Statement No. 10 of the Governmental Accounting Standards Board requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

# CITY OF BELDING

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2007

The activity of the self-funded insurance is accounted for in the Insurance Internal Service Fund. An independent administrator is contracted to process the daily claims. There were no changes in insurance coverage from the prior year. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are reimbursements from various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Any claims outstanding at June 30, 2007 are considered by management to be immaterial, thus the end of year liability at June 30, 2007 is set at zero.

Settled claims have not exceeded insurance coverage in the history of the self-insurance program. The changes in the claims liability for the years ended June 30, 2007 and 2006 are as follows:

<u>Year ended June 30,</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2006	\$ -	\$36,221	\$36,221	\$ -
2007	-	24,488	24,488	-

#### 11. OTHER POST EMPLOYMENT BENEFITS

The City provides health care insurance benefits to retired full-time employees in accordance with various labor agreements. Currently there are 3 retirees eligible. The city recognized the cost of the post employment health care benefits when the payments are made. During 2007, the amount expended for post employment benefits was \$12,600.

#### 12. COMMITMENTS/SUBSEQUENT EVENTS

During June 30, 2007, the City had entered into contracts for various construction projects throughout the City totaling approximately \$6,350,000. Approximately \$1,900,000 had been spent on these projects as of June 30, 2007 leaving a remaining commitment of \$4,450,000. These projects are funded by various grants and bond proceeds.



## **GENERAL FUND**

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The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and other intergovernmental revenues. General operating expenditures of the City are accounted for in this fund, including the operations of the City Council, City Manager, Finance & Administrative Services, Central Municipal Activities, Cemetery, Police, Fire, Park Maintenance, Interfund Transfers, Belrockton Community Center, Community Promotions, Planning and Community Development, and Debt Service.

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# CITY OF BELDING

## GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Current				
General government				
City Council	\$ 49,850	\$ 49,850	\$ 9,188	\$ 40,662
City Manager	229,890	232,690	228,888	3,802
Finance and administration	217,910	223,947	213,600	10,347
Central municipal activities	133,629	136,029	127,896	8,133
Cemetery	61,655	92,155	58,561	33,594
	<u>692,934</u>	<u>734,671</u>	<u>638,133</u>	<u>96,538</u>
Public safety				
Police Department	811,525	778,525	769,206	9,319
Fire Department	480,100	463,100	469,900	(6,800)
	<u>1,291,625</u>	<u>1,241,625</u>	<u>1,239,106</u>	<u>2,519</u>
Culture and recreation				
Park maintenance	90,475	93,475	88,639	4,836
Community center	36,850	36,850	34,961	1,889
Planning and community development	107,200	95,200	68,705	26,495
Community promotions	12,750	24,750	24,056	694
	<u>247,275</u>	<u>250,275</u>	<u>216,361</u>	<u>33,914</u>
Debt service				
Principal	-	56,152	56,152	-
Interest and fiscal charges	67,000	10,848	10,524	324
	<u>67,000</u>	<u>67,000</u>	<u>66,676</u>	<u>324</u>
<b>Total expenditures</b>	<u>\$ 2,298,834</u>	<u>\$ 2,293,571</u>	<u>\$ 2,160,276</u>	<u>\$ 133,295</u>

## NON-MAJOR FUNDS

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**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Major Streets** - This fund is used to account for the revenues received from the State of Michigan under Act 51 which are specifically earmarked for construction and maintenance of roads designated as major streets in the City.

**Local Streets** - This fund is used to account for the revenues received from the State of Michigan under Act 51 which are specifically earmarked for construction and maintenance of roads designated as local streets in the City.

**Dispatch** - This fund accounts for the funds received through the 911 telephone surcharge tax that are used for the City of Belding's 911 Dispatch Center. A General Fund appropriation also contributes toward this operation.

**Richardson Mills** - This fund accounts for the revenue received from the Richardson Mills Partnership per the agreement reached between the City and the partnership.

**Library** - This fund accounts for the operations of the City library. This fund is primarily funded through a county-wide tax levy and penal fines.

**Museum** - This fund accounts for the operations of the City museum. The revenues are derived mostly from donations and fund-raisers.

**Drug Forfeiture** - This fund is used to account for the revenue received from assets seized in drug raids. The expenditures from this fund are to be used for purchase of items that will reduce drug activity.

**The Debt Service Funds** are used to account for the accumulation of resources and payment of principal and interest on debt from governmental resources.

**Building Authority** - This fund accounts for the funding and payment of principal and interest on debt issued to renovate the City parks. Funding is derived from a transfer from other funds.

**Library** - This fund accounts for the funding and payment of principal and interest on debt issued to renovate the City library. Funding is derived from a transfer from other funds.

**The Permanent Funds** are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the city programs.

**Alvah N. Belding Library** - This fund accounts for the donation of Alvah N. Belding to the City that stipulated that the principal be preserved and only the interest be used for library operations.

**River Ridge Cemetery** - This fund accounts for the revenue received from perpetual care charges paid by the families of those persons buried in the cemetery. The corpus in this fund must be maintained intact per state law and the interest earnings are transferred to the General Fund to help finance the perpetual care of cemeteries.

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**CITY OF BELDING**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2007**

	Special Revenue				
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Dispatch</u>	<u>Richardson Mills</u>	<u>Library</u>
<b>Assets</b>					
Cash and pooled investments	\$ 98,530	\$ 144,267	\$ 76,628	\$ 538	\$ 15,638
Investments	-	-	-	-	-
Accounts receivable	-	-	-	50,000	-
Accrued interest receivable	430	628	333	2	703
Due from other funds	-	-	-	-	146,169
Due from other governments	<u>52,778</u>	<u>18,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 151,738</u>	<u>\$ 163,255</u>	<u>\$ 76,961</u>	<u>\$ 50,540</u>	<u>\$ 162,510</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,218	\$ 4,841	\$ -	\$ -	\$ 7,068
Accrued liabilities	466	1,914	4,550	-	6,634
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>2,684</u>	<u>6,755</u>	<u>4,550</u>	<u>50,000</u>	<u>13,702</u>
<b>Fund balances</b>					
Reserved					
Permanent fund corpus	-	-	-	-	-
Unreserved					
Undesignated	<u>149,054</u>	<u>156,500</u>	<u>72,411</u>	<u>540</u>	<u>148,808</u>
<b>Total fund balances</b>	<u>149,054</u>	<u>156,500</u>	<u>72,411</u>	<u>540</u>	<u>148,808</u>
<b>Total liabilities and fund balances</b>	<u>\$ 151,738</u>	<u>\$ 163,255</u>	<u>\$ 76,961</u>	<u>\$ 50,540</u>	<u>\$ 162,510</u>

Debt Service				Permanent		Total
<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Building Authority</u>	<u>Library</u>	<u>Alvah N. Belding Library</u>	<u>Riverridge Cemetery</u>	
\$ 57,670	\$ 32,643	\$ 1,637	\$ 123,454	\$ -	\$ 107,739	\$ 658,744
-	-	-	-	33,500	-	33,500
-	-	-	-	-	-	50,000
251	142	-	-	-	-	2,489
-	-	-	-	-	-	146,169
-	-	-	-	-	-	71,138
<u>\$ 57,921</u>	<u>\$ 32,785</u>	<u>\$ 1,637</u>	<u>\$ 123,454</u>	<u>\$ 33,500</u>	<u>\$ 107,739</u>	<u>\$ 962,040</u>
\$ 4,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,029
-	-	-	-	-	-	13,564
-	-	-	-	-	-	50,000
<u>4,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,593</u>
-	-	-	-	33,500	95,364	128,864
<u>53,019</u>	<u>32,785</u>	<u>1,637</u>	<u>123,454</u>	<u>-</u>	<u>12,375</u>	<u>750,583</u>
<u>53,019</u>	<u>32,785</u>	<u>1,637</u>	<u>123,454</u>	<u>33,500</u>	<u>107,739</u>	<u>879,447</u>
<u>\$ 57,921</u>	<u>\$ 32,785</u>	<u>\$ 1,637</u>	<u>\$ 123,454</u>	<u>\$ 33,500</u>	<u>\$ 107,739</u>	<u>\$ 962,040</u>

**CITY OF BELDING**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue				
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Dispatch</u>	<u>Richardson Mills</u>	<u>Library</u>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 224,392
Intergovernmental revenues					
State	320,110	111,811	-	-	8,517
Charges for services	-	-	112,250	-	5,112
Fines	-	-	-	-	108,537
Donations	-	-	-	-	13,536
Miscellaneous	7,427	30,639	16,578	12,101	34,802
<b>Total revenues</b>	<u>327,537</u>	<u>142,450</u>	<u>128,828</u>	<u>12,101</u>	<u>394,896</u>
<b>Expenditures</b>					
Current					
Public safety	-	-	168,633	-	-
Public works and streets	247,203	196,674	-	-	-
Culture and recreation	-	-	-	-	312,128
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>247,203</u>	<u>196,674</u>	<u>168,633</u>	<u>-</u>	<u>312,128</u>
Revenues over (under) expenditures	<u>80,334</u>	<u>(54,224)</u>	<u>(39,805)</u>	<u>12,101</u>	<u>82,768</u>
Other financing sources (uses)					
Transfers in	-	55,000	45,850	-	-
Transfers out	-	-	-	(330,000)	(481,273)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>55,000</u>	<u>45,850</u>	<u>(330,000)</u>	<u>(481,273)</u>
Net changes in fund balances	80,334	776	6,045	(317,899)	(398,505)
<b>Fund balances, beginning of year</b>	<u>68,720</u>	<u>155,724</u>	<u>66,366</u>	<u>318,439</u>	<u>547,313</u>
<b>Fund balances, end of year</b>	<u>\$ 149,054</u>	<u>\$ 156,500</u>	<u>\$ 72,411</u>	<u>\$ 540</u>	<u>\$ 148,808</u>

Debt Service				Permanent		Total
<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Building Authority</u>	<u>Library</u>	<u>Alvah N. Belding Library</u>	<u>Riverridge Cemetery</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,392
-	-	-	-	-	-	440,438
72	-	-	-	-	-	117,434
-	-	-	-	-	-	108,537
17,973	-	-	-	-	-	31,509
3,236	1,283	134	-	-	3,475	109,675
21,281	1,283	134	-	-	3,475	1,031,985
-	3,828	-	-	-	-	172,461
-	-	-	-	-	-	443,877
24,961	-	-	-	-	-	337,089
-	-	35,000	-	-	-	35,000
-	-	42,769	7,818	-	-	50,587
24,961	3,828	77,769	7,819	-	-	1,039,015
(3,680)	(2,545)	(77,635)	(7,819)	-	3,475	(7,030)
-	-	78,000	131,273	-	-	310,123
-	-	-	-	-	-	(811,273)
-	-	78,000	131,273	-	-	(501,150)
(3,680)	(2,545)	365	123,454	-	3,475	(508,180)
56,699	35,330	1,272	-	33,500	104,264	1,387,627
\$ 53,019	\$ 32,785	\$ 1,637	\$ 123,454	\$ 33,500	\$ 107,739	\$ 879,447

**CITY OF BELDING**  
**MAJOR STREETS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive</u></b> <b><u>(Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	334,900	334,900	320,110	(14,790)
Charges for services				
Fines	-	-	-	-
Donations	-	-	-	-
Miscellaneous	100	100	7,427	7,327
<b>Total revenues</b>	<u>335,000</u>	<u>335,000</u>	<u>327,537</u>	<u>(7,463)</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works and streets	335,000	335,000	247,203	87,797
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>335,000</u>	<u>335,000</u>	<u>247,203</u>	<u>87,797</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>80,334</u>	<u>80,334</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	80,334	80,334
<b>Fund balance, beginning of year</b>	<u>68,720</u>	<u>68,720</u>	<u>68,720</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 68,720</u>	<u>\$ 68,720</u>	<u>\$ 149,054</u>	<u>\$ 80,334</u>



**CITY OF BELDING**  
**LOCAL STREETS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	115,000	115,000	111,811	(3,189)
Charges for services	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
Miscellaneous	19,000	19,000	30,639	11,639
<b>Total revenues</b>	<u>134,000</u>	<u>134,000</u>	<u>142,450</u>	<u>8,450</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works and streets	202,700	202,700	196,674	6,026
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>202,700</u>	<u>202,700</u>	<u>196,674</u>	<u>6,026</u>
Revenues over (under) expenditures	<u>(68,700)</u>	<u>(68,700)</u>	<u>(54,224)</u>	<u>14,476</u>
Other financing sources (uses)				
Transfers in	55,000	55,000	55,000	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net changes in fund balance	(13,700)	(13,700)	776	14,476
<b>Fund balance, beginning of year</b>	<u>155,724</u>	<u>155,724</u>	<u>155,724</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 142,024</u>	<u>\$ 142,024</u>	<u>\$ 156,500</u>	<u>\$ 14,476</u>

**CITY OF BELDING**  
**DISPATCH FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Charges for services	114,500	114,500	112,250	(2,250)
Fines	-	-	-	-
Donations	-	-	-	-
Miscellaneous	3,800	3,800	16,578	12,778
<b>Total revenues</b>	<u>118,300</u>	<u>118,300</u>	<u>128,828</u>	<u>10,528</u>
<b>Expenditures</b>				
Current				
Public safety	203,150	203,150	168,633	34,517
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>203,150</u>	<u>203,150</u>	<u>168,633</u>	<u>34,517</u>
Revenues over (under) expenditures	<u>(84,850)</u>	<u>(84,850)</u>	<u>(39,805)</u>	<u>45,045</u>
Other financing sources (uses)				
Transfers in	45,850	45,850	45,850	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>45,850</u>	<u>45,850</u>	<u>45,850</u>	<u>-</u>
Net changes in fund balance	(39,000)	(39,000)	6,045	45,045
<b>Fund balance, beginning of year</b>	<u>66,366</u>	<u>66,366</u>	<u>66,366</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 27,366</u>	<u>\$ 27,366</u>	<u>\$ 72,411</u>	<u>\$ 45,045</u>

# CITY OF BELDING

## RICHARDSON MILLS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
Miscellaneous	<u>10,100</u>	<u>10,100</u>	<u>12,101</u>	<u>2,001</u>
<b>Total Revenues</b>	<u>10,100</u>	<u>10,100</u>	<u>12,101</u>	<u>2,001</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>10,100</u>	<u>10,100</u>	<u>12,101</u>	<u>2,001</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(330,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(330,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>
Net changes in fund balance	(319,900)	(319,900)	(317,899)	2,001
<b>Fund balance, beginning of year</b>	<u>318,439</u>	<u>318,439</u>	<u>318,439</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (1,461)</u>	<u>\$ (1,461)</u>	<u>\$ 540</u>	<u>\$ 2,001</u>

**CITY OF BELDING**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 223,000	\$ 223,000	\$ 224,392	\$ 1,392
Intergovernmental revenues				
State	8,974	8,974	8,517	(457)
Charges for services	5,500	5,500	5,112	(388)
Fines	87,400	108,400	108,537	137
Donations	14,000	14,000	13,536	(464)
Miscellaneous	39,813	33,813	34,802	989
<b>Total revenues</b>	<u>378,687</u>	<u>393,687</u>	<u>394,896</u>	<u>1,209</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	343,367	333,367	312,128	21,239
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>343,367</u>	<u>333,367</u>	<u>312,128</u>	<u>21,239</u>
Revenues over (under) expenditures	<u>35,320</u>	<u>60,320</u>	<u>82,768</u>	<u>22,448</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(65,000)	(482,000)	(481,273)	727
<b>Total other financing sources (uses)</b>	<u>(65,000)</u>	<u>(482,000)</u>	<u>(481,273)</u>	<u>727</u>
Net changes in fund balance	(29,680)	(421,680)	(398,505)	23,175
<b>Fund balance, beginning of year</b>	<u>547,313</u>	<u>547,313</u>	<u>547,313</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 517,633</u>	<u>\$ 125,633</u>	<u>\$ 148,808</u>	<u>\$ 23,175</u>

# CITY OF BELDING

## MUSEUM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Charges for services	-	-	72	72
Fines	-	-	-	-
Donations	11,500	15,500	17,973	2,473
Miscellaneous	<u>1,250</u>	<u>1,250</u>	<u>3,236</u>	<u>1,986</u>
<b>Total revenues</b>	<u>12,750</u>	<u>16,750</u>	<u>21,281</u>	<u>4,531</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	11,500	22,500	24,961	(2,461)
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>11,500</u>	<u>22,500</u>	<u>24,961</u>	<u>(2,461)</u>
Revenues over (under) expenditures	<u>1,250</u>	<u>(5,750)</u>	<u>(3,680)</u>	<u>2,070</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	1,250	(5,750)	(3,680)	2,070
Fund balance, beginning of year	<u>56,699</u>	<u>56,699</u>	<u>56,699</u>	<u>-</u>
Fund balance, end of year	<u>\$ 57,949</u>	<u>\$ 50,949</u>	<u>\$ 53,019</u>	<u>\$ 2,070</u>

**CITY OF BELDING**  
**DRUG FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
Miscellaneous	<u>500</u>	<u>500</u>	<u>1,283</u>	<u>783</u>
<b>Total Revenues</b>	<u>500</u>	<u>500</u>	<u>1,283</u>	<u>783</u>
<b>Expenditures</b>				
Current				
Public safety	8,500	8,500	3,828	4,672
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>8,500</u>	<u>8,500</u>	<u>3,828</u>	<u>4,672</u>
Revenues over (under) expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>(2,545)</u>	<u>5,455</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(8,000)</u>	<u>(8,000)</u>	<u>(2,545)</u>	<u>5,455</u>
Fund balance, beginning of year	<u>35,330</u>	<u>35,330</u>	<u>35,330</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,330</u>	<u>\$ 27,330</u>	<u>\$ 32,785</u>	<u>\$ 5,455</u>

## ENTERPRISE FUNDS

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises- where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

**Dial-a-Ride Transit** - This fund is used to account for the operation of the public transportation system. Revenues are derived from both Federal and State operating assistance along with passenger fares and various contracts with other entities.

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# CITY OF BELDING

## NONMAJOR ENTERPRISE FUND STATEMENT OF NET ASSETS

JUNE 30, 2007

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	Dial-a-Ride Transit
<b>Assets</b>	
Current assets	
Cash and pooled investments	\$ -
Due from other governments	<u>16,594</u>
Total current assets	<u>16,594</u>
Capital assets	
Buildings and equipment	618,051
Vehicles	315,530
Less accumulated depreciation	<u>(263,501)</u>
Net capital assets	<u>670,080</u>
<b>Total assets</b>	<u>686,674</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	893
Accrued liabilities	5,255
Due to other funds	85,843
Unearned revenue	<u>34,725</u>
Total current liabilities	126,716
Long-term liabilities	
Compensated absences	<u>3,517</u>
<b>Total liabilities</b>	<u>130,233</u>
<b>Net assets</b>	
Investment in capital assets net of related debt	670,080
Unrestricted (deficit)	<u>(113,639)</u>
<b>Total net assets</b>	<u>\$ 556,441</u>



# CITY OF BELDING

## NONMAJOR ENTERPRISE FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

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	Dial-a-Ride Transit
<b>Operating revenue</b>	
Charges for services	\$ 65,092
Other	<u>267</u>
<b>Total operating revenue</b>	<u>65,359</u>
<b>Operating expense</b>	
Personnel services	118,988
Contractual services	65,107
Benefits	18,329
Materials and supplies	21,535
Utilities	8,848
Repair and maintenance	11,565
Equipment rentals	879
Depreciation	34,033
Miscellaneous	<u>5,777</u>
<b>Total operating expense</b>	<u>285,061</u>
Operating income (loss)	<u>(219,702)</u>
Non-operating revenue (expense)	
Federal grants	89,514
State grants	89,447
Miscellaneous	<u>165</u>
Total non-operating revenue (expense)	<u>179,126</u>
Income (loss) before transfers	(40,576)
Transfers	
Transfers in	<u>65,000</u>
Changes in net assets	24,424
<b>Net assets, beginning of year</b>	<u>532,017</u>
<b>Net assets, end of year</b>	<u>\$ 556,441</u>

# CITY OF BELDING

## NONMAJOR ENTERPRISE FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	<b>Dial-a-Ride Transit</b>
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 91,513
Payments to employees	(120,596)
Payments to suppliers	<u>(134,762)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(163,845)</u>
<b>Cash flows from non-capital financing activities</b>	
Loan from other funds	(28,397)
Operating grants	127,242
Transfers in	<u>65,000</u>
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>163,845</u>
<b>Cash flows from capital and related financing activities</b>	
Capital grants	51,719
Acquisitions of capital assets	<u>(51,719)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>
<b>Net increase (decrease) in cash and pooled investments</b>	<u>-</u>
<b>Cash and pooled investments, beginning of year</b>	<u>-</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ -</u>
<b>Cash flows from operating activities</b>	
Operating income (loss)	\$ (219,702)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	34,033
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(8,571)
Accounts payable	(2,722)
Accrued liabilities	351
Compensated absences	(1,959)
Unearned revenue	<u>34,725</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (163,845)</u>

## INTERNAL SERVICE FUNDS

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Internal Service** - This fund accounts for the costs of centralized municipal services such as legal fees, liability and property insurance, audit, data processing, and other miscellaneous services. The costs are reimbursed to this fund by the user departments.

**Buildings and Grounds Maintenance** - This fund accounts for the costs of operating and maintaining the land and buildings of the City, excluding the water and sewer buildings. The costs are reimbursed to this fund by the user departments.

**Motor Pool** - This fund accounts for the costs of acquiring and maintaining City-operated vehicles used by various City departments. The costs are reimbursed to this fund by the user departments.

**Insurance** - This fund accounts for the City's premium payments for insurance and the actual costs incurred. The costs are reimbursed to this fund by the user departments.

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# CITY OF BELDING

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2007

	Internal Service	Buildings and Grounds Maintenance	Motor Pool	Insurance	Total
<b>Assets</b>					
Current assets					
Cash and pooled investments	\$ 118,951	\$ -	\$ -	\$ 202,451	\$ 321,402
Accounts receivable	-	-	-	2,933	2,933
Accrued interest receivable	517	-	-	830	1,347
Prepaid items	-	-	-	45,069	45,069
Total current assets	119,468	-	-	251,283	370,751
Capital assets					
Buildings and equipment	82,676	85,450	53,778	-	221,904
Vehicles	-	-	1,846,877	-	1,846,877
Less accumulated depreciation	(65,947)	(44,168)	(1,336,948)	-	(1,447,063)
Net capital assets	16,729	41,282	563,707	-	621,718
<b>Total assets</b>	136,197	41,282	563,707	251,283	992,469
<b>Liabilities</b>					
Current liabilities					
Accounts payable	3,319	4,080	5,713	-	13,112
Accrued liabilities	-	-	2,058	-	2,058
Due to other funds	-	24,143	45,500	-	69,643
Total current liabilities	3,319	28,223	53,271	-	84,813
Long-term liabilities					
Compensated absences	-	-	1,805	-	1,805
<b>Total liabilities</b>	3,319	28,223	55,076	-	86,618
<b>Net assets</b>					
Investment in capital assets net of related debt	16,729	41,282	563,707	-	621,718
Unrestricted	116,149	(28,223)	(55,076)	251,283	284,133
<b>Total net assets</b>	\$ 132,878	\$ 13,059	\$ 508,631	\$ 251,283	\$ 905,851

# CITY OF BELDING

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Internal Service</u>	<u>Buildings and Grounds Maintenance</u>	<u>Motor Pool</u>	<u>Insurance</u>	<u>Total</u>
<b>Operating revenue</b>					
Charges for services	\$ 266,507	\$ 95,000	\$ 287,646	\$ 632,022	\$ 1,281,175
<b>Total operating revenue</b>	<u>266,507</u>	<u>95,000</u>	<u>287,646</u>	<u>632,022</u>	<u>1,281,175</u>
<b>Operating expense</b>					
Personnel services	-	1,479	46,484	-	47,963
Contractual services	175,371	4,011	45,300	564,234	788,916
Benefits	-	-	9,715	-	9,715
Materials and supplies	14,317	389	48,724	-	63,430
Utilities	10,600	38,947	27,016	-	76,563
Repair and maintenance	6,540	39,289	113,007	-	158,836
Depreciation	4,056	5,658	65,441	-	75,155
Miscellaneous	6,713	-	1,845	-	8,558
<b>Total operating expense</b>	<u>217,597</u>	<u>89,773</u>	<u>357,532</u>	<u>564,234</u>	<u>1,229,136</u>
Operating income (loss)	48,910	5,227	(69,886)	67,788	52,039
Non-operating revenue (expense)					
Interest income	(327)	(489)	(6,899)	6,286	(1,429)
Changes in net assets	48,583	4,738	(76,785)	74,074	50,610
<b>Net assets, beginning of year</b>	<u>84,295</u>	<u>8,321</u>	<u>585,416</u>	<u>177,209</u>	<u>855,241</u>
<b>Net assets, end of year</b>	<u>\$ 132,878</u>	<u>\$ 13,059</u>	<u>\$ 508,631</u>	<u>\$ 251,283</u>	<u>\$ 905,851</u>

# CITY OF BELDING

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Internal Service</u>	<u>Buildings and Grounds Maintenance</u>	<u>Motor Pool</u>	<u>Insurance</u>	<u>Total</u>
<b>Cash flows from operating activities</b>					
Receipts from internal services provided	\$ 266,507	\$ 95,000	\$ 287,646	\$ 633,417	\$ 1,282,570
Payments to employees	-	-	(45,393)	-	(45,393)
Payments to suppliers	(222,657)	(83,969)	(274,570)	(610,028)	(1,191,224)
<b>Net cash provided by (used in) operating activities</b>	<b>43,850</b>	<b>11,031</b>	<b>(32,317)</b>	<b>23,389</b>	<b>45,953</b>
<b>Cash flows from non-capital financing activities</b>					
Loans from other funds	-	(10,680)	45,500	-	34,820
<b>Cash flows from capital and related financing activities</b>					
Acquisitions of capital assets	-	-	(49,107)	-	(49,107)
<b>Cash flows from investing activities</b>					
Interest income	1,373	(351)	(873)	7,088	7,237
<b>Net increase (decrease) in cash and pooled investments</b>	<b>45,223</b>	<b>-</b>	<b>(36,797)</b>	<b>30,477</b>	<b>38,903</b>
<b>Cash and pooled investments, beginning of year</b>	<b>73,728</b>	<b>-</b>	<b>36,797</b>	<b>171,974</b>	<b>282,499</b>
<b>Cash and pooled investments, end of year</b>	<b>\$ 118,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 202,451</b>	<b>\$ 321,402</b>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 48,910	\$ 5,227	\$ (69,886)	\$ 67,788	\$ 52,039
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	4,056	5,658	65,441	-	75,155
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	-	-	-	1,395	1,395
Prepaid items	-	-	-	(45,069)	(45,069)
Accounts payable	(9,116)	146	(29,240)	(725)	(38,935)
Accrued liabilities	-	-	277	-	277
Compensated absences	-	-	1,091	-	1,091
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 43,850</b>	<b>\$ 11,031</b>	<b>\$ (32,317)</b>	<b>\$ 23,389</b>	<b>\$ 45,953</b>

## FIDUCIARY FUNDS

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**Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.**

**Tax Collection Fund** - This fund accounts for the collection and disbursements of property taxes billed and collected by the City on behalf of other governments.

**Housing Commission Payroll Fund** - This fund is used to account for receipt and disbursement associated with performing the payroll function for the Belding Housing Commission.

**Payroll Clearing Fund** - This fund is used to account for receipt and disbursement of payroll withholdings.

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**CITY OF BELDING**  
**AGENCY FUND**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2007**

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	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Payroll Clearing</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 16,147	\$ -	\$ 91	\$ 16,238
Due from other governments	-	38,909	-	38,909
Due from other funds	<u>46,395</u>	<u>-</u>	<u>-</u>	<u>46,395</u>
<b>Total assets</b>	<u>\$ 62,542</u>	<u>\$ 38,909</u>	<u>\$ 91</u>	<u>\$ 101,542</u>
<b>Liabilities</b>				
Accounts payable	\$ 62,542	\$ -	\$ 91	\$ 62,633
Due to other funds	<u>-</u>	<u>38,909</u>	<u>-</u>	<u>38,909</u>
<b>Total liabilities</b>	<u>\$ 62,542</u>	<u>\$ 38,909</u>	<u>\$ 91</u>	<u>\$ 101,542</u>



**CITY OF BELDING**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>TAX COLLECTION</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 500	\$ 4,467,182	\$ 4,451,535	\$ 16,147
Due from other funds	<u>-</u>	<u>46,395</u>	<u>-</u>	<u>46,395</u>
<b>Total assets</b>	<u>\$ 500</u>	<u>\$ 4,513,577</u>	<u>\$ 4,451,535</u>	<u>\$ 62,542</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 500</u>	<u>\$ 4,487,582</u>	<u>\$ 4,425,540</u>	<u>\$ 62,542</u>
<b><u>HOUSING COMMISSION PAYROLL</u></b>				
<b>Assets</b>				
Due from other governments	<u>\$ 34,549</u>	<u>\$ 336,890</u>	<u>\$ 332,530</u>	<u>\$ 38,909</u>
<b>Liabilities</b>				
Due to other funds	<u>\$ 34,549</u>	<u>\$ 336,890</u>	<u>\$ 332,530</u>	<u>\$ 38,909</u>
<b><u>PAYROLL CLEARING FUND</u></b>				
<b>Assets</b>				
Cash and pooled investments	<u>\$ 1,217</u>	<u>\$ 2,731,354</u>	<u>\$ 2,732,480</u>	<u>\$ 91</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 1,217</u>	<u>\$ 2,731,354</u>	<u>\$ 2,732,480</u>	<u>\$ 91</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,717	\$ 7,198,536	\$ 7,184,015	\$ 16,238
Due from other governments	34,549	336,890	332,530	38,909
Due from other funds	<u>-</u>	<u>46,395</u>	<u>-</u>	<u>46,395</u>
<b>Total assets</b>	<u>\$ 36,266</u>	<u>\$ 7,581,821</u>	<u>\$ 7,516,545</u>	<u>\$ 101,542</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,717	\$ 7,218,936	\$ 7,158,020	\$ 62,633
Due to other funds	<u>34,549</u>	<u>336,890</u>	<u>332,530</u>	<u>38,909</u>
<b>Total liabilities</b>	<u>\$ 36,266</u>	<u>\$ 7,555,826</u>	<u>\$ 7,490,550</u>	<u>\$ 101,542</u>

## COMPONENT UNITS

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**Tax Increment Finance Authority (TIFA)** - The TIFA Fund accumulates tax revenue "captured" in the TIFA district for the payment of principal and interest on the TIFA bonds.

**Downtown Development Authority (DDA)** - The DDA is used to account for activities designed to correct and prevent deterioration in the downtown area and promote economic growth within downtown.

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# CITY OF BELDING

## TAX INCREMENT FINANCE AUTHORITY COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Fund Types			Adjustments	Statement of Net Assets
	General Fund	Debt Service Fund	Totals		
<b>Assets</b>					
Cash and pooled investments	\$ 155,922	\$ 11,850	\$ 167,772	\$ -	\$ 167,772
<b>Total assets</b>	<u>\$ 155,922</u>	<u>\$ 11,850</u>	<u>\$ 167,772</u>	<u>-</u>	<u>167,772</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accrued liabilities	\$ -	\$ -	\$ -	9,863	9,863
Noncurrent liabilities					
Due within one year	-	-	-	120,000	120,000
Due in more than one year	-	-	-	1,185,000	1,185,000
<b>Total liabilities</b>	-	-	-	1,314,863	<u>1,314,863</u>
<b>Fund balances</b>					
Unreserved					
Undesignated	155,922	11,850	167,772	(167,772)	-
<b>Total liabilities and fund balances</b>	<u>\$ 155,922</u>	<u>\$ 11,850</u>	<u>\$ 167,772</u>		
<b>Net assets (deficit)</b>					
Unrestricted				\$ (1,147,091)	<u>\$ (1,147,091)</u>

# CITY OF BELDING

## TAX INCREMENT FINANCE AUTHORITY COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Governmental Fund Types</u>		<u>Totals</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>			
<b>Revenues</b>					
Taxes	\$ 162,524	\$ -	\$ 162,524	\$ -	\$ 162,524
Miscellaneous	8,926	134	9,060	-	9,060
<b>Total revenues</b>	<u>171,450</u>	<u>134</u>	<u>171,584</u>	<u>-</u>	<u>171,584</u>
<b>Expenditures</b>					
Current					
Miscellaneous	300	-	300	-	300
Debt Service					
Principal	-	110,000	110,000	(110,000)	-
Interest	-	64,615	64,615	(906)	63,709
<b>Total expenditures</b>	<u>300</u>	<u>174,615</u>	<u>174,915</u>	<u>(110,906)</u>	<u>64,009</u>
Revenues over (under) expenditures	<u>171,150</u>	<u>(174,481)</u>	<u>(3,331)</u>	<u>(110,906)</u>	<u>107,575</u>
Other financing sources (uses)					
Transfers in	-	175,200	175,200	-	175,200
Transfers out	(175,200)	-	(175,200)	-	(175,200)
Total other financing sources (uses)	<u>(175,200)</u>	<u>175,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(4,050)	719	(3,331)	3,331	
Change in net assets				(107,575)	107,575
<b>Fund balances/net assets, beginning of year</b>	<u>159,972</u>	<u>11,131</u>	<u>171,103</u>		<u>(1,254,666)</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 155,922</u>	<u>\$ 11,850</u>	<u>\$ 167,772</u>		<u>\$ (1,147,091)</u>

# CITY OF BELDING

## DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2007

---

	<u>Governmental Fund Type</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 15,071	\$ -	\$ 15,071
Accrued interest receivable	<u>66</u>	<u>-</u>	<u>66</u>
<b>Total assets</b>	<u>\$ 15,137</u>	<u>-</u>	15,137
 <b>Liabilities and fund balances</b>			
<b>Total liabilities</b>	\$ -	-	<u>-</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>15,137</u>	<u>(15,137)</u>	-
<b>Total liabilities and fund balances</b>	<u>\$ 15,137</u>		
 <b>Net assets (deficit)</b>			
Unrestricted		<u>\$ 15,137</u>	<u>\$ 15,137</u>

# CITY OF BELDING

## DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2007**

---

	<u>Governmental Fund Type</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Revenues</b>			
Taxes	\$ 14,524	\$ -	\$ 14,524
Miscellaneous	613	-	613
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	15,137	-	15,137
<b>Total expenditures</b>	<hr/>	<hr/>	<hr/>
	-	-	-
Net changes in fund balances	15,137	(15,137)	
Change in net assets		(15,137)	15,137
<b>Fund balances/net assets, beginning of year</b>	<hr/>		<hr/>
	-		-
<b>Fund balances/net assets, end of year</b>	<hr/>		<hr/>
	\$ 15,137		\$ 15,137

# CITY OF BELDING

## STATISTICAL SECTION

This part of the City of Belding's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

### **Contents**

### **Table**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

A-1 to A-4

#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

B-1 to B-4

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

C-1 to C-4

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

D-1 to D-2

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

E-1 to E-3

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

# CITY OF BELDING

Table A-1

## NET ASSETS BY COMPONENT LAST FIVE FISCAL YEARS (accrual basis of accounting)

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 8,380,630	\$ 7,326,258	\$ 4,283,083	\$ 3,195,861	\$ 2,999,242
Restricted	1,197,065	1,153,129	2,355,064	501,655	377,805
Unrestricted	1,083,110	1,190,038	1,401,699	3,185,173	3,072,256
Total governmental activities net assets	<u>\$10,660,805</u>	<u>\$ 9,669,425</u>	<u>\$ 8,039,846</u>	<u>\$ 6,882,689</u>	<u>\$ 6,449,303</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 8,491,981	\$ 8,256,276	\$ 7,917,166	\$ 7,769,018	\$ 7,552,743
Restricted	-	-	-	13,714	52,011
Unrestricted	(555,216)	(284,785)	69,248	215,994	265,602
Total business-type activities net assets	<u>\$ 7,936,765</u>	<u>\$ 7,971,491</u>	<u>\$ 7,986,414</u>	<u>\$ 7,998,726</u>	<u>\$ 7,870,356</u>
Primary government					
Invested in capital assets, net of related debt	\$16,872,611	\$15,582,534	\$12,200,249	\$10,964,879	\$10,551,985
Restricted	1,197,065	1,153,129	2,355,064	515,369	429,816
Unrestricted	527,894	905,253	1,470,947	3,401,167	3,337,858
Total primary government net assets	<u>\$18,597,570</u>	<u>\$17,640,916</u>	<u>\$16,026,260</u>	<u>\$14,881,415</u>	<u>\$14,319,659</u>



# CITY OF BELDING

Table A-2

## CHANGES IN NET ASSETS LAST FOUR FISCAL YEARS (accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental activities					
General government	\$ 950,345	\$ 849,876	\$ 814,409	\$ 873,762	\$ 622,263
Public safety	1,534,902	1,499,635	1,224,421	1,732,955	1,443,148
Public works and streets	472,115	513,211	706,441	406,188	550,383
Culture and recreation	765,700	722,106	647,071	549,764	468,436
Interest on long-term debt	85,649	57,839	61,907	64,931	53,257
<b>Total governmental activities</b>	<b>3,808,711</b>	<b>3,642,667</b>	<b>3,454,249</b>	<b>3,627,600</b>	<b>3,137,487</b>
Business-type activities					
Dial-a-Ride	285,061	305,875	323,344	335,802	322,327
Sewer	603,563	756,757	678,093	643,387	596,897
Water	796,600	718,658	624,492	616,180	543,548
Ambulance (1)	530,122	555,521	583,221	-	-
<b>Total business-type activities</b>	<b>2,215,346</b>	<b>2,336,811</b>	<b>2,209,150</b>	<b>1,595,369</b>	<b>1,462,772</b>
<b>Total primary government expenses</b>	<b>6,024,057</b>	<b>5,979,478</b>	<b>5,663,399</b>	<b>5,222,969</b>	<b>4,600,259</b>
<b>Program revenues</b>					
Governmental activities					
Charges for services	597,447	610,101	257,388	746,788	667,002
Operating grants and contributions	621,255	657,318	642,331	631,431	634,167
Capital grants and contributions	1,052,905	1,528,891	1,090,940	118,608	503,318
<b>Total governmental activities program revenues</b>	<b>2,271,607</b>	<b>2,796,310</b>	<b>1,990,659</b>	<b>1,496,827</b>	<b>1,804,487</b>
Business-type activities					
Charges for services					
Dial-a-Ride	65,359	76,268	69,161	67,876	89,519
Sewer	670,700	629,075	608,646	577,726	536,103
Water	615,208	618,820	615,966	515,039	505,400
Ambulance	398,373	450,881	541,686	-	-
Operating grants and contributions	127,415	129,045	137,100	294,781	111,542
Capital grants and contributions	246,698	382,630	18,926	205,835	159,974
<b>Total business-type activities program revenues</b>	<b>2,123,753</b>	<b>2,286,719</b>	<b>1,991,485</b>	<b>1,661,257</b>	<b>1,402,538</b>
<b>Total primary government program revenues</b>	<b>4,395,360</b>	<b>5,083,029</b>	<b>3,982,144</b>	<b>3,158,084</b>	<b>3,207,025</b>

(continued)

# CITY OF BELDING

## CHANGES IN NET ASSETS LAST FOUR FISCAL YEARS (accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Net (expense) revenue</b>					
Governmental activities	\$ (1,537,104)	\$ (846,357)	\$ (1,463,590)	\$ (2,130,773)	\$ (1,333,000)
Business-type activities	(91,593)	(50,092)	(217,665)	65,888	(60,234)
<b>Total primary government net (expense) revenue</b>	<b>(1,628,697)</b>	<b>(896,449)</b>	<b>(1,681,255)</b>	<b>(2,064,885)</b>	<b>(1,393,234)</b>
<b>General revenues and other changes in net assets</b>					
Governmental activities					
Property taxes					
General operating	1,394,139	1,336,185	1,312,920	1,246,797	1,200,508
Capital projects	184,981	177,189	169,960	162,411	155,557
County-wide library levy	224,392	211,593	202,660	192,004	183,137
State shared revenues	710,668	732,142	739,551	751,617	959,698
Interest earnings	64,325	48,827	106,204	71,840	144,306
Other general revenues	-	-	268,511	194,490	255,090
Transfers	(50,000)	(30,000)	(179,059)	(55,000)	(40,982)
<b>Total governmental activities</b>	<b>2,528,485</b>	<b>2,475,936</b>	<b>2,620,747</b>	<b>2,564,159</b>	<b>2,857,314</b>
Business-type activities					
Interest earnings	6,867	5,169	5,280	2,920	10,816
Other general revenues	-	-	-	4,562	25,353
Transfers	50,000	30,000	179,059	55,000	40,982
<b>Total business-type activities</b>	<b>56,867</b>	<b>35,169</b>	<b>184,339</b>	<b>62,482</b>	<b>77,151</b>
<b>Total primary government</b>	<b>2,585,352</b>	<b>2,511,105</b>	<b>2,805,086</b>	<b>2,626,641</b>	<b>2,934,465</b>
<b>Change in net assets</b>					
Governmental activities	991,381	1,629,579	1,157,157	433,386	1,524,314
Business-type activities	(34,726)	(14,923)	(33,326)	128,370	16,917
<b>Total primary government</b>	<b>\$ 956,655</b>	<b>\$ 1,614,656</b>	<b>\$ 1,123,831</b>	<b>\$ 561,756</b>	<b>\$ 1,541,231</b>

(concluded)

**Note:**

(1) Prior to 2005, ambulance operations were included in governmental activities

**CITY OF BELDING**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	\$ 857,428	\$ 663,276	\$ 591,089	\$ 1,208,927	\$ 1,211,610	\$ 839,588	\$ 648,463	\$ 492,864	\$ 424,391	\$ 470,607
Total general fund	\$ 857,428	\$ 663,276	\$ 591,089	\$ 1,208,927	\$ 1,211,610	\$ 839,588	\$ 648,463	\$ 492,864	\$ 424,391	\$ 470,607
All other governmental funds										
Reserved	\$ 128,864	\$ 128,864	\$ 2,395	\$ 2,343	\$ 2,153	\$ 1,931	\$ 1,642	\$ 4,589	\$ 42,805	\$ 50,790
Unreserved reported in										
Special revenue funds	736,571	1,248,591	1,225,561	1,358,453	1,132,321	1,281,384	1,227,772	1,054,360	641,608	498,355
Debt service funds	1,637	1,272	-	-	-	95	2,243	-	-	-
Capital project funds	390,589	150,307	1,361,436	351,921	174,312	87,333	1,078,044	195,910	169,198	167,558
Permanent funds	12,375	8,900	132,164	128,564	123,264	-	-	-	-	-
Total all other governmental funds	\$ 1,270,016	\$ 1,537,934	\$ 2,721,556	\$ 1,841,281	\$ 1,432,050	\$ 1,370,743	\$ 2,309,701	\$ 1,254,859	\$ 853,611	\$ 716,703

Note: Permanent Funds were established at the time the City implemented GASB 34

Table A-4

**CITY OF BELDING**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
Taxes	\$ 1,803,492	\$ 1,724,967	\$ 1,885,540	\$ 1,601,212	\$ 1,539,887	\$ 1,429,692	\$ 1,346,398	\$ 1,299,844	\$ 1,248,269	\$ 1,088,103
Intergovernmental revenues										
Federal	1,100	142,125	20,860	95,793	-	58,157	61,740	69,192	52,427	265,675
State	1,831,760	1,177,831	2,108,873	1,263,495	1,938,873	1,487,675	1,304,084	1,228,209	1,160,061	1,104,971
Licenses and permits	12,612	21,542	21,411	14,704	13,850	6,207	11,019	11,011	11,696	8,695
Charges for services	410,349	389,528	421,840	882,625	798,867	728,734	713,073	606,139	572,398	587,117
Fines	127,355	108,144	17,392	22,095	15,573	15,821	15,259	12,373	8,119	8,447
Special assessment	-	2,406	2,008	3,950	22,590	23,759	27,648	31,086	29,533	33,869
Donations	404,360	195,437	225,471	49,722	78,744	-	-	-	-	-
Miscellaneous	270,493	288,672	282,097	185,321	298,974	507,227	434,085	491,263	251,684	203,286
<b>Total revenues</b>	<b>4,861,521</b>	<b>4,050,652</b>	<b>4,785,492</b>	<b>4,118,917</b>	<b>4,707,358</b>	<b>4,257,272</b>	<b>3,913,304</b>	<b>3,747,117</b>	<b>3,334,187</b>	<b>3,280,163</b>
<b>Expenditures</b>										
Current										
General government	638,133	666,332	819,464	856,712	804,856	1,248,666	1,159,024	1,131,495	1,125,778	897,628
Public safety	1,411,567	1,484,937	1,161,658	2,201,003	1,608,731	1,224,612	1,202,854	1,164,797	1,131,614	1,025,047
Public works and streets	443,877	190,527	698,427	399,659	652,894	488,527	543,674	561,474	434,784	769,961
Culture and recreation	553,450	1,180,826	409,031	377,674	443,667	429,719	482,321	365,019	362,323	296,962
Debt service										
Principal	91,152	111,792	108,531	105,847	50,000	23,284	27,039	48,488	45,790	42,312
Interest	61,111	58,754	62,849	62,812	53,706	55,807	30,112	9,709	13,287	16,600
Capital Outlay	3,702,577	1,438,919	1,317,081	53,662	735,206	1,593,698	249,200	57,338	160,487	118,904
<b>Total expenditures</b>	<b>6,901,867</b>	<b>5,132,087</b>	<b>4,577,041</b>	<b>4,057,369</b>	<b>4,349,060</b>	<b>5,064,313</b>	<b>3,694,224</b>	<b>3,338,320</b>	<b>3,274,063</b>	<b>3,169,414</b>
<b>Revenues over (under) expenditures</b>	<b>(2,040,346)</b>	<b>(1,081,435)</b>	<b>208,451</b>	<b>61,548</b>	<b>358,298</b>	<b>(807,041)</b>	<b>219,080</b>	<b>408,797</b>	<b>60,124</b>	<b>110,749</b>
<b>Other financing sources (uses)</b>										
Bond/note proceeds	2,016,581	-	-	400,000	-	-	938,252	-	-	-
Transfers in	990,123	227,784	1,267,815	192,851	230,360	342,486	328,059	430,765	322,011	345,302
Transfers out	(1,040,123)	(257,784)	(1,192,815)	(247,851)	(271,342)	(283,278)	(274,950)	(369,842)	(291,443)	(319,528)
<b>Total other financing sources (uses)</b>	<b>1,966,581</b>	<b>(30,000)</b>	<b>75,000</b>	<b>345,000</b>	<b>(40,982)</b>	<b>59,208</b>	<b>991,361</b>	<b>60,923</b>	<b>30,568</b>	<b>25,774</b>
<b>Net changes in fund balances</b>	<b>\$ (73,765)</b>	<b>\$ (1,111,435)</b>	<b>\$ 283,451</b>	<b>\$ 406,548</b>	<b>\$ 317,316</b>	<b>\$ (747,833)</b>	<b>\$ 1,210,441</b>	<b>\$ 469,720</b>	<b>\$ 90,692</b>	<b>\$ 136,523</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.8%</b>	<b>4.6%</b>	<b>5.3%</b>	<b>4.2%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.9%</b>

# CITY OF BELDING

## ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Table B-1

Fiscal Year Ended June 30	Real property				Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
	Residential Property	Agricultural Property	Commercial Property	Industrial Property			
1998	\$ 94,404,600	\$ 18,200	\$ 19,762,600	\$ 16,545,400	\$ 25,067,000	\$ 155,797,800	16.9500
1999	109,350,200	18,200	21,405,000	16,444,400	26,307,800	173,525,600	16.9500
2000	120,535,400	19,600	23,399,400	16,539,800	24,194,800	184,689,000	16.9500
2001	127,930,400	19,600	24,159,000	16,891,600	24,989,800	193,990,400	16.9500
2002	139,841,600	22,200	26,603,600	18,274,400	28,018,400	212,760,200	16.9500
2003	148,230,800	26,000	27,236,200	18,468,200	22,704,200	216,665,400	16.9500
2004	152,798,800	56,000	28,035,600	18,633,400	22,846,200	222,370,000	16.9500
2005	159,356,000	56,000	29,382,400	21,796,200	26,149,400	236,740,000	16.9500
2006	163,680,000	56,000	30,535,800	21,099,200	25,102,800	240,473,800	16.9500
2007	161,503,200	56,000	31,174,000	17,808,000	20,084,400	230,625,600	16.9500

Property is reassessed each year at actual value, therefore, the assessed values are equal to the actual value.  
Direct tax rate (millage) is per \$1,000 of taxable value which is generally equal to one-half of the assessed value.

Source: Ionia County Equalization Department

**CITY OF BELDING**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(rate per \$1,000 of taxable value)*

Fiscal Year	City of Belding			Ionia County			Belding Area Schools (1)				Ionia ISD		State
Ended	Operating	Capital	Total	Operating	Library	Senior	Total	Non-	Debt	BAS	Operating	Education	Total
June 30	Millage	Improvement	City	Millage	Millage	Citizen	County	Homestead	Millage	Millage	Millage	Tax	Millage
1997	14.9500	2.0000	16.9500	6.2814	-	-	6.2814	18.0000	7.0000	25.0000	2.9869	6.0000	57.2183
1998	14.9500	2.0000	16.9500	5.5712	-	-	5.5712	18.0000	7.0000	25.0000	2.9869	6.0000	56.5081
1999	14.9500	2.0000	16.9500	4.9578	1.0000	-	5.9578	18.0000	7.0000	25.0000	2.9786	6.0000	56.8864
2000	14.9500	2.0000	16.9500	4.9244	0.9906	-	5.9150	18.0000	7.0000	25.0000	2.9581	6.0000	56.8231
2001	14.9500	2.0000	16.9500	4.8603	0.9777	-	5.8380	17.9856	7.0000	24.9856	2.9213	6.0000	56.6949
2002	14.9500	2.0000	16.9500	4.8053	0.9666	-	5.7719	17.9856	7.0000	24.9856	2.8885	6.0000	56.5960
2003	14.9500	2.0000	16.9500	4.7620	0.9579	0.3750	6.0949	17.9856	7.0000	24.9856	2.8613	6.0000	56.8918
2004	14.9500	2.0000	16.9500	4.7353	0.9525	0.3729	6.0607	17.9856	7.0000	24.9856	4.5747	5.0000	57.5710
2005	14.9500	2.0000	16.9500	4.6993	0.9452	0.3700	6.0145	17.6708	7.0000	24.6708	4.5369	6.0000	58.1722
2006	14.9500	2.0000	16.9500	4.6434	0.9339	0.3750	5.9523	18.0000	7.0000	25.0000	4.4728	6.0000	58.3751

(1) In 1994, property tax reform was implemented in the State resulting in a 18 mill levy on non-homestead properties and 6.0 mills on all properties.

(2) Taxes rates (millages) are per \$1,000 of taxable value which is generally equal to one-half of the assessed value.

# CITY OF BELDING

Table B-3

## PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2007</u>			<u>1998 (1)</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
Extruded Metals	\$ 7,713,426	1	7.62%			
Robroy Industries	1,567,100	2	1.55%			
Mizkan Americas	1,133,400	3	1.12%			
Granco-Clark	1,078,953	4	1.07%			
Consumers Energy	1,080,000	5	1.07%			
Metron of Belding	1,120,000	6	1.11%			
Candlestone Inn	997,474	7	0.99%			
Mason County Fruit Packers	817,200	8	0.81%			
Northgate Properties LLC	689,587	9	0.68%			
Bentwood II Apartments	649,700	10	0.64%			
Total	<u>\$ 16,846,840</u>		<u>16.65%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: City assessors office

Note:

(1) Information from 1998 is not available

# CITY OF BELDING

Table B-4

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$ 1,135,612	\$ 1,044,671	92.0%	\$ 89,848	\$ 1,134,519	99.90%
1999	1,128,510	1,037,624	91.9%	89,285	1,126,909	99.86%
2000	1,177,405	1,080,330	91.8%	96,619	1,176,949	99.96%
2001	1,205,792	1,125,252	93.3%	79,818	1,205,070	99.94%
2002	1,274,052	1,186,898	93.2%	84,141	1,271,039	99.76%
2003	1,383,420	1,304,229	94.3%	77,515	1,381,744	99.88%
2004	1,423,897	1,345,280	94.5%	78,416	1,423,696	99.99%
2005	1,490,889	1,413,319	94.8%	77,258	1,490,577	99.98%
2006	1,562,251	1,430,829	91.6%	128,728	1,559,557	99.83%
2007	1,626,615	1,476,676	90.8%	145,853	1,622,529	99.75%

Source: City treasurer

**Note:**

- (1) Real and personal property taxes combined.
- (2) Property taxes are levied July 1 and become delinquent March 1 of the following year.  
Delinquent real property taxes are purchased by Ionia County and are included in the collections in subsequent years column. Delinquent personal property taxes are collected by the City of Belding.



# CITY OF BELDING

## RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Table C-1

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities		Percentage of Personal Income (1)(3)	Per Capita (1)
	General Obligation Bonds (2)	Amount Available	Net General Obligation Bonds	Loans Payable	Percentage of Property Value	Per Capita	Revenue Bonds	Total		
1998	\$ 2,162,162	\$ 50,134	\$ 2,112,028	\$ 33,439	2.89%	\$ 345.93	\$ 1,370,743	\$ 3,516,210	0.00%	\$ 566.95
1999	2,320,118	42,149	2,277,969	24,693	2.96%	371.28	1,250,743	3,553,405	0.00%	572.95
2000	2,191,000	3,933	2,187,067	15,323	2.54%	355.11	1,140,743	3,343,133	0.00%	539.04
2001	3,029,000	3,229	3,025,771	5,284	3.28%	515.75	1,030,743	4,061,798	3.01%	691.13
2002	2,906,000	1,370	2,904,630	-	2.99%	494.24	915,743	3,820,373	1.98%	650.05
2003	2,746,000	1,497	2,744,503	-	2.58%	466.99	975,467	3,719,970	1.93%	632.97
2004	2,580,000	1,687	2,578,313	345,152	2.70%	497.44	1,370,743	4,294,208	2.22%	730.68
2005	2,398,000	1,739	2,396,261	293,622	2.42%	457.70	1,225,743	3,915,626	2.03%	666.26
2006	2,235,000	1,272	2,233,728	239,830	2.09%	420.89	1,080,743	3,554,301	1.84%	604.78
2007	3,506,581	1,636	3,504,945	783,678	3.57%	729.73	925,743	5,214,366	2.70%	887.25

Note:

- (1) 1990 census figures (1995-2000), 2000 census figures (2001-Present) can be found at Table D-1.
- (2) Includes long-term debt of Tax Increment Finance Authority and Local Development Finance Authority.
- (3) Information prior to 2001 is not available.

# CITY OF BELDING

Table C-2

## ***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2007***

Governmental Unit	Debt Outstanding	Percentage Applicable To City	Amount Applicable To City
<hr/>			
Overlapping Debt:			
Belding Area Schools	\$ 22,442,131	31.98%	\$ 7,176,993
Ionia County	512,399	6.75%	34,587
Ionia County Intermediate School District	1,260,000	5.96%	<u>75,096</u>
Total Overlapping Debt			7,286,676
City of Belding direct debt			<u>3,506,581</u>
Total Direct and Overlapping Debt			<u><u>\$ 10,793,257</u></u>

*The portion of the taxable value for each governmental unit located within the City of Belding over the taxable value of the governmental unit as a whole is utilized to calculate overlapping debt percentages.*

*Source: Michigan Advisory Council (MAC)*

**CITY OF BELDING**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

Table C-3

Table C-3

Total state equalized value (%)	<u>\$ 115,312,800</u>										
Debt limitation - 10 percent of SEV	<u>\$ 11,531,280</u>										
Debt applicable to limitation:											
Total bonded debt	5,218,002										
Less:											
Revenue bonds	(925,743)										
Installment loans	<u>(783,678)</u>										
Total Debt Applicable to Limitation	<u>3,506,581</u>										
Legal Debt Margin	<u>\$ 8,024,699</u>										
Debt limit	\$ 11,531,280	\$ 12,022,340	\$ 11,414,970	\$ 11,118,500	\$ 10,829,620	\$ 10,638,010	\$ 9,699,520	\$ 9,234,450	\$ 8,676,280	\$ 7,789,890	
Total net debt applicable to limit	3,506,581	2,235,000	2,398,000	2,580,000	2,746,000	2,906,000	3,029,000	2,191,000	2,320,118	2,162,162	
Legal debt margin	<u>\$ 8,024,699</u>	<u>\$ 9,787,340</u>	<u>\$ 9,016,970</u>	<u>\$ 8,538,500</u>	<u>\$ 8,083,620</u>	<u>\$ 7,732,010</u>	<u>\$ 6,670,520</u>	<u>\$ 7,043,450</u>	<u>\$ 6,356,162</u>	<u>\$ 5,827,728</u>	
Total net debt applicable to limit as a percentage of debt limit	30.4%	18.6%	21.0%	23.2%	25.4%	27.3%	31.2%	33.7%	26.7%	27.8%	

**(1) Source: City assessors office**

# CITY OF BELDING

Table C-4

## PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Sewer Revenue Bonds						Water Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1998	\$ 573,706	\$ 330,625	\$ 243,081	\$ 105,000	\$ 29,214	1.81	-	-	-	-	-	-
1999	566,580	428,210	138,350	105,000	27,633	1.04	-	-	-	-	-	-
2000	609,592	607,243	2,349	110,000	25,014	0.02	-	-	-	-	-	-
2001	591,227	496,898	94,329	110,000	22,815	0.71	-	-	-	-	-	-
2002	597,301	513,155	84,146	115,000	20,615	0.62	-	-	-	-	-	-
2003	546,959	455,001	91,958	115,000	18,315	0.69	-	-	-	-	-	-
2004	577,726	492,671	85,055	115,000	16,015	0.65	519,251	483,014	36,237	-	5,181	6.99
2005	608,646	536,284	72,362	120,000	13,715	0.54	615,966	448,462	167,504	25,000	15,938	4.09
2006	634,244	632,408	1,836	120,000	11,315	0.01	618,820	534,140	84,680	25,000	16,188	2.06
2007	674,910	477,097	197,813	125,000	10,519	1.46	618,273	607,567	10,706	30,000	19,281	0.22

Note:  
Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense.  
Service charges include interest income.

# CITY OF BELDING

Table D-1

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
1998	6,202	\$ -	\$ -	6.3
1999	6,202	-	-	5.9
2000	6,202	-	-	5.3
2001	5,877	135,094,599	22,987	7.6
2002	5,877	193,224,006	32,878	8.8
2003	5,877	193,224,006	32,878	10.3
2004	5,877	193,224,006	32,878	9.2
2005	5,877	193,224,006	32,878	7.2
2006	5,877	193,224,006	32,878	7.8
2007	5,877	193,224,006	32,878	8.2

(1) per U.S. Census Bureau - 2000 information prior to 2001 is not available

(2) per Michigan Department of Labor & Economic Growth (Unemployment rate is for Ionia County)

# CITY OF BELDING

Table D-2

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u> (1)	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u> (1)
Extruded Metals	225	1	(1)	240	1	(1)
Granco-Clark	105	2				
Stahlin Enclosures	95	3		51	5	
Belding Tank & Technologies	48	4		50	6	
Spectrum Industries	30	5		25	7	
Gerreff Industries	30	6				
Baker Road Seating	20	7				
Hillside Finishing	15	8		20	9	
Mizkan America	15	9				
B&O Saws	11	10				
Viatech Process Storage				95	2	
Tomco Tool & Die				88	3	
Mason County Fruit Packers				61	4	
West Michigan Automotive Steel				23	8	
Belding Tool & Machine Corp.				18	10	

Source: City offices

(1) information is not available

# CITY OF BELDING

Table E-1

## CITY EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Administration										
Full time	3	3	3	4	4	4	4	4		
Part time	1	1	-	-	-	-	-	-		
Finance										
Full time	3	3	3	3	3	3	3	3		
Part time	2	1	1	1	1	1	1	1		
Public works										
Full time	8	9	10	10	11	11	11	11		
Part time	8	2	2	2	3	2	2	2		
Library										
Full time	3	3	3	3	4	4	4	4		
Part time	5	4	4	3	3	3	3	3		
Public Safety										
Police										
Full time	8	9	9	9	10	11	11	11		
Part time	2	4	2	2	2	2	2	2		
Fire										
Full time	4	4	4	4	4	4	4	4		
Part time	20	22	22	17	19	19	19	19		
Dispatch										
Full time	1	2	2	2	2	2	2	2		
Part time	8	5	5	5	6	6	6	6		
Ambulance										
Full time	3	5	5	5	4	5	5	5		
Part time	22	13	17	17	19	14	15	15		
Dial-a-Ride										
Full time	3	3	4	4	4	4	4	4		
Part time	5	5	4	5	5	3	3	3		
Total	109	98	100	96	104	98	99	-	-	-

Source: City finance office

(1) information is not available

# CITY OF BELDING

Table E-2

## OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police									(1)	(1)
Arrests	611	610	609	271	618	618	610	(1)		
Accident responses	135	130	141	134	171	171	211	(1)		
Fire										
Fire calls	258	248	206	154	206	206	141	(1)		
Rescue calls	35	10	70	47	64	64	51	(1)		
MFR calls	381	430	346	350	372	372	373	(1)		
Public service calls	615	569	212	349	242	242	210	(1)		
Public works and streets										
Street reconstruction (in miles)	0	0.80	0.50	-	0.14	0.14	0.65	0.71		
Culture and recreation										
Library books	46,725	46,725	46,725	46,725	46,725	46,725	46,725	46,725		
Sewer system										
Number of service connections	1,790	1,790	1,790	1,790	1,790	1,790	1,760	1,760		
Daily average treatment in gallons	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000		
Water system										
Number of service connections	1,810	1,810	1,810	1,810	1,810	1,810	1,780	1,780		
Daily average consumption in gallons	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Dial-a-Ride system										
Total transit miles	65,913	76,435	92,210	87,279	108,338	108,308	72,729	78,438		
Passengers	25,010	31,190	33,908	31,007	41,974	34,667	38,242	38,732		

Source: Various City departments

(1) information is not available



# CITY OF BELDING

Table E-3

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999 (1)	1998 (1)
Police										
Stations	1	1	1	1	1	1	1	1		
Patrol units	5	5	5	5	5	5	5	5		
Fire										
Stations	1	1	1	1	1	1	1	1		
Emergency response vehicles	5	6	6	6	8	8	7	7		
Public works and streets										
Buildings	1	1	1	1	1	1	1	1		
Miles of streets	37	37	37	37	37	37	36	36		
Number of street lights	394	394	394	394	394	394	394	394		
Culture and recreation										
Park acreage	160	160	160	160	160	160	160	160		
Sewer system										
Miles of sanitary sewers	36	36	36	36	36	36	36	36		
Miles of storm sewers	25	25	25	25	25	25	25	25		
Maximum daily capacity in gallons	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000		
Water system										
Miles of water mains	36	36	36	36	36	36	36	36		
Fire hydrants	241	241	241	241	241	241	241	241		
Above ground storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		
Maximum daily capacity in gallons	3,823,200	3,823,200	3,823,200	3,823,200	3,823,200	3,823,200	3,823,200	3,823,200		
Dial-a-Ride system										
Stations	1	1	1	1	1	1	1	1		
Vehicles	5	5	5	5	5	5	5	5		

Source: City finance office

(1) information is not available

**CITY OF BELDING**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF LOCAL REVENUES (1)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

---

	<u>7/1/06 to</u> <u>9/30/2006</u>	<u>10/1/06 to</u> <u>6/30/2007</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 5,258	\$ 21,690	\$ 26,948
Contracted fares	82	2,066	2,148
Contracted fares - Ionia County Job Access	14,590	21,406	35,996
Training reimbursement - Ionia County Job Access	-	165	165
Miscellaneous	-	267	267
Transfer from general fund	<u>16,250</u>	<u>48,750</u>	<u>65,000</u>
<b>Total local revenues</b>	<u>\$ 36,180</u>	<u>\$ 94,344</u>	<u>\$ 130,524</u>

**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF LOCAL REVENUES (1A)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

---

	<u>10/1/05 to</u> <u>6/30/2006</u>	<u>7/1/06 to</u> <u>9/30/2006</u>	<u>Total</u>
<b>Local revenue</b>			
Demand response (farebox)			
Regular service	\$ 22,585	\$ 5,258	\$ 27,843
Contracted fares	8,897	82	8,979
Contracted fares - Ionia County Job Access	21,829	14,590	36,419
Training reimbursement - Ionia County Job Access	-	-	-
Miscellaneous	757	-	757
Transfer from general fund	<u>48,750</u>	<u>16,250</u>	<u>65,000</u>
<b>Total local revenues</b>	<u>\$ 102,818</u>	<u>\$ 36,180</u>	<u>\$ 138,998</u>

**CITY OF BELDING**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF EXPENDITURE OF STATE AND FEDERAL AWARDS (2)**

**FOR THE YEAR ENDED JUNE 30, 2007**

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures			Prior Year's Expended	Award Amount Remaining
				Total	Federal	State		
U.S. Department of transportation								
Passed through Michigan Department of Transportation								
Operating assistance - section 5311 - 2004 reconciliation	20.509	Prior years	\$ 2,045	\$ 2,045	\$ 2,045	\$ -	\$ 2,045	\$ -
Operating assistance - section 5311 - current year receipts	20.509	02-0016/Z8	33,565	18,757	18,757	-	32,190	-
Operating assistance - section 5311 - current year receipts	20.509	07-0177/Z1	17,480	17,480	17,480	-	-	-
Operating assistance - section 5311 - current year accruals	20.509	07-0177/Z1	20,212	9,190	9,190	-	-	11,022
Total operating assistance - section 5311 - Current year	20.509	07-0177/Z1	37,672	26,650	26,650	-	-	11,022
RTAP funding	20.509	N/A	686	686	686	-	-	-
Capital grant - section 5309 - bus	20.500	02-0016/Z8	41,376	41,376	41,376	-	-	-
Total passed through Michigan Department of Transportation			115,344	89,514	89,514	-	34,235	11,022
Michigan Department of Transportation								
Operating Assistance - Act 51 - final audit payback	N/A	FY02	-	4,001	-	4,001	-	-
Operating Assistance - Act 51 - final audit payback	N/A	FY03	-	3,408	-	3,408	-	-
Operating Assistance - Act 51 - final audit payback	N/A	FY04	-	4,368	-	4,368	-	-
Operating Assistance - Act 51 - final audit payback	N/A	FY05	-	7,859	-	7,859	-	-
State portion of bus grant	N/A	N/A	-	10,343	-	10,343	-	-
Operating Assistance - Act 51 - current year receipts	N/A	FY06	-	23,848	-	23,848	-	-
Operating Assistance - Act 51 - current year deferrals	N/A	FY06	-	(18,213)	-	(18,213)	-	-
Operating Assistance - Act 51 - FY06 grant	N/A	FY06	-	5,433	-	5,433	-	-
Operating Assistance - Act 51 - current year receipts	N/A	FY07	-	70,547	-	70,547	-	-
Operating Assistance - Act 51 - current year deferrals	N/A	FY07	-	(16,512)	-	(16,512)	-	-
Operating Assistance - Act 51 - FY07 grant	N/A	FY07	-	54,035	-	54,035	-	-
Total Operating Assistance - Act 51			-	89,447	-	89,447	-	-
<b>Total</b>			\$ 178,961	\$ 89,514	\$ 89,447	\$ -	\$ -	\$ -

**CITY OF BELDING**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>7/1/06 to 9/30/2006</u>	<u>10/1/06 to 6/30/2007</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - FY02 audit payback	\$ 4,001	\$ -	\$ 4,001
Formula operating assistance (Act 51) - FY03 audit payback	1,704	1,704	3,408
Formula operating assistance (Act 51) - FY04 audit payback	-	4,368	4,368
Formula operating assistance (Act 51) - FY05 audit payback	3,930	3,929	7,859
Formula operating assistance (Act 51) - FY06 current year receipts	23,646	-	23,646
Formula operating assistance (Act 51) - FY06 current year deferral	-	(18,213)	(18,213)
Formula operating assistance (Act 51) - FY07 current year receipts	-	70,547	70,547
Formula operating assistance (Act 51) - FY07 current year deferral	-	(16,512)	(16,512)
State portion of bus grant 02-0016/Z8	-	10,343	10,343
Total Michigan Department of Transportation	<u>33,281</u>	<u>56,166</u>	<u>89,447</u>
Federal grants			
Section 5311 FY 2004 reconciliation	-	2,045	2,045
Section 5311 grant 02-0016/Z9 - current year receipts	7,404	11,353	18,757
Section 5311 grant 07-0173/Z1 - current year receipts	-	17,460	17,460
Section 5311 grant 07-0173/Z1 - current year accrual	-	9,190	9,190
RTAP funding	-	686	686
Section 5309 grant 02-0016/Z8 - bus grant	-	41,376	41,376
Total federal grants	<u>7,404</u>	<u>82,110</u>	<u>89,514</u>
<b>Total</b>	<u>\$ 40,685</u>	<u>\$ 138,276</u>	<u>\$ 178,961</u>

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2B)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>10/1/05 to 6/30/2006</u>	<u>7/1/06 to 9/30/2006</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - FY02 audit payback	\$ -	\$ 4,001	\$ 4,001
Formula operating assistance (Act 51) - FY03 audit payback	-	1,704	1,704
Formula operating assistance (Act 51) - FY05 audit payback	-	3,930	3,930
Formula operating assistance (Act 51) - Prior year audit payback	6,525	-	6,525
Formula operating assistance (Act 51) - FY06 current year receipts	70,947	23,646	94,593
State portion of building renovation grant	16,870	-	16,870
State portion of radio grant	666	-	666
State portion of bus grant	19,523	-	19,523
Total Michigan Department of Transportation	<u>114,531</u>	<u>33,281</u>	<u>147,812</u>
Federal grants			
Section 5311 prior year reconciliation	3,068	-	3,068
Section 5311 grant 02-0016/Z9 - current year receipts	14,808	7,404	22,212
State portion of building renovation grant	67,480	-	67,480
Federal portion of bus grant	78,091	-	78,091
Total federal grants	<u>163,447</u>	<u>7,404</u>	<u>170,851</u>
<b>Total</b>	<u>\$ 277,978</u>	<u>\$ 40,685</u>	<u>\$ 318,663</u>

**CITY OF BELDING**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

---

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 104,777	\$ -	\$ 14,211	\$ 118,988
Fringe benefits	18,165	-	2,193	20,358
Services				
Advertising	-	-	114	114
Other services	39,467	4,208	20,177	63,852
Materials and supplies				
Fuel	21,097	-	-	21,097
Other materials and supplies	650	6,892	5,817	13,359
Casualty and liability costs				
Insurance	4,412	-	-	4,412
Utilities	8,848	-	-	8,848
Depreciation	<u>-</u>	<u>-</u>	<u>34,033</u>	<u>34,033</u>
<b>Total operating expenses</b>	<u>\$ 197,416</u>	<u>\$ 11,100</u>	<u>\$ 76,545</u>	<u>\$ 285,061</u>

The methodology identified in the cost allocation plan approved by the Michigan Department of Treasury was followed for indirect costs included above in the services category. Employee benefits paid through the City internal service funds are also included in the services category.

**CITY OF BELDING**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF OPERATING EXPENSE SPLIT  
BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)**

**FOR THE YEAR ENDED JUNE 30, 2007**

---

	<u>7/1/06 to 9/30/2006</u>	<u>10/1/06 to 6/30/2007</u>	<u>Total</u>
<b>Expenses</b>			
Labor	\$ 36,788	\$ 82,200	\$ 118,988
Fringe benefits	5,932	14,426	20,358
Service	10,964	53,002	63,966
Materials and supplies	7,288	27,168	34,456
Casualty and liability costs	-	4,412	4,412
Utilities	920	7,928	8,848
Depreciation	500	33,533	34,033
<b>Total expenses</b>	<u>\$ 62,392</u>	<u>\$ 222,669</u>	<u>\$ 285,061</u>

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF OPERATING EXPENSE SPLIT  
BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3B)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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	<u>10/1/05 to 6/30/2006</u>	<u>7/1/06 to 9/30/2006</u>	<u>Total</u>
<b>Expenses</b>			
Labor	\$ 97,389	\$ 36,788	\$ 134,177
Fringe benefits	18,580	5,932	24,512
Service	57,582	10,964	68,546
Materials and supplies	23,413	7,288	30,701
Casualty and liability costs	3,309	-	3,309
Utilities	10,907	920	11,827
Depreciation	14,170	500	14,670
<b>Total expenses</b>	<u>\$ 225,350</u>	<u>\$ 62,392</u>	<u>\$ 287,742</u>

**CITY OF BELDING**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NET ELIGIBLE COSTS**  
**COMPUTATIONS OF GENERAL OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Federal Section 5311</u>		<u>State Operating Assistance</u>	
	<u>7/1/06 to</u> <u>9/30/2006</u>	<u>10/1/06 to</u> <u>6/30/2007</u>	<u>7/1/06 to</u> <u>9/30/2006</u>	<u>10/1/06 to</u> <u>6/30/2007</u>
<b>Expenses</b>				
Labor	\$ 36,788	\$ 82,200	\$ 36,788	\$ 82,200
Fringe benefits	5,932	14,426	5,932	14,426
Service	10,964	53,002	10,964	53,002
Materials and supplies	7,288	27,168	7,288	27,168
Casualty and liability costs	-	4,412	-	4,412
Utilities	920	7,928	920	7,928
Depreciation	500	33,533	500	33,533
<b>Total expenses</b>	<u>62,392</u>	<u>222,669</u>	<u>62,392</u>	<u>222,669</u>
<b>Less ineligible expenses</b>				
Depreciation	500	33,533	500	33,533
Job access project	14,590	21,406	14,590	21,406
Association dues	-	48	-	48
Federal grants - RTAP	-	1,119	-	1,119
<b>Total ineligible expenses</b>	<u>15,090</u>	<u>56,106</u>	<u>15,090</u>	<u>56,106</u>
<b>Net eligible expenses</b>	<u>\$ 47,302</u>	<u>\$ 166,563</u>	<u>\$ 47,302</u>	<u>\$ 166,563</u>
Eligible for state operating assistance			\$ 47,302	\$ 166,563
Maximum Section 5311 Reimbursement (17% for FY 2006, 16% for FY 2007)	<u>\$ 8,041</u>	<u>\$ 26,650</u>	<u>8,041</u>	<u>26,650</u>
State operating assistance base			<u>\$ 39,261</u>	<u>\$ 139,913</u>
Maximum State operating assistance reimbursement (38.8857%)/(38.6208%)			\$ 15,267	\$ 54,035
Amount received to June 30, 2007		<u>17,460</u>	<u>23,646</u>	<u>70,547</u>
Receivable (payable)		<u>\$ 9,190</u>	<u>\$ (8,379)</u>	<u>\$ (16,512)</u>

# CITY OF BELDING

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF SECTION 5311 OPERATING ASSISTANCE FOR THE PRIOR PERIOD OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2006

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>10/1/05 to 6/30/2006</u>	<u>7/1/06 to 9/30/2006</u>	<u>Total</u>
<b>Expenses</b>			
Labor	\$ 97,389	\$ 36,788	\$ 134,177
Fringe benefits	18,580	5,932	24,512
Service	57,582	10,964	68,546
Materials and supplies	23,413	7,288	30,701
Casualty and liability costs	3,309	-	3,309
Utilities	10,907	920	11,827
Depreciation	14,170	500	14,670
<b>Total expenses</b>	<u>225,350</u>	<u>62,392</u>	<u>287,742</u>
<b>Less ineligible expenses</b>			
Depreciation	14,170	500	14,670
Job access project	21,830	14,590	36,420
Federal grants - RTAP	-	-	-
<b>Total ineligible expenses</b>	<u>36,000</u>	<u>15,090</u>	<u>51,090</u>
<b>Net eligible expenses</b>	<u>\$ 189,350</u>	<u>\$ 47,302</u>	<u>\$ 236,652</u>
Setion 5311 reimbursement (17%)	<u>\$ 32,190</u>	<u>8,041</u>	<u>\$ 40,231</u>
Maximum award per contract			\$ 33,565
Amount received for above expense	<u>\$ 14,808</u>	<u>\$ 18,757</u>	<u>33,565</u>
Amount due from Michigan Department of Transportation			<u>\$ -</u>



# CITY OF BELDING

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF STATE OPERATING ASSISTANCE FOR THE PRIOR PERIOD OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2006

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>10/1/05 to 6/30/2006</u>	<u>7/1/06 to 9/30/2006</u>	<u>Total</u>
<b>Expenses</b>			
Labor	\$ 97,389	\$ 36,788	\$ 134,177
Fringe benefits	18,580	5,932	24,512
Service	57,582	10,964	68,546
Materials and supplies	23,413	7,288	30,701
Casualty and liability costs	3,309	-	3,309
Utilities	10,907	920	11,827
Depreciation	14,170	500	14,670
<b>Total expenses</b>	<u>225,350</u>	<u>62,392</u>	<u>287,742</u>
<b>Less ineligible expenses</b>			
Depreciation	14,170	500	14,670
Job access project	21,830	14,590	36,420
Federal grants - RTAP	-	-	-
<b>Total ineligible expenses</b>	<u>36,000</u>	<u>15,090</u>	<u>51,090</u>
<b>Net eligible expenses</b>	<u>189,350</u>	<u>47,302</u>	<u>236,652</u>
Maximum section 5311 reimbursement	<u>32,190</u>	<u>8,041</u>	<u>40,231</u>
Eligible for state assistance	<u>\$ 157,161</u>	<u>\$ 39,261</u>	<u>\$ 196,421</u>
State statutory operating assistance			
The lower of its:			
Statutory cap:			
60.0% eligible expense for non-urbanized areas			\$ <u>117,853</u>
But at least the minimum of its 1997 payments			\$ <u>70,833</u>
Reimbursement due	<u>\$ 61,113</u>	<u>\$ 15,267</u>	\$ 76,380
Amount received for the above expenses	<u>\$ 70,947</u>	<u>\$ 23,646</u>	<u>94,593</u>
Amount due from Michigan Department of Transportation			\$ <u>(18,213)</u>

**CITY OF BELDING**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONFINANCIAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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	<u>Miles</u>	<u>Hours</u>
Demand response		
First quarter (7/1/06 to 9/30/06)	10,966	564
Second quarter (10/1/06 to 12/31/06)	13,371	962
Third quarter (1/1/07 to 3/31/07)	12,802	1,004
Fourth quarter (4/1/07 to 6/30/07)	12,244	991
	<hr/>	<hr/>
<b>Total</b>	<b>49,383</b>	<b>3,521</b>

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**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONFINANCIAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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	<u>Miles</u>	<u>Hours</u>
Demand response		
First quarter (10/1/05 to 12/31/05)	16,325	1,101
Second quarter (1/1/06 to 3/31/06)	16,932	1,132
Third quarter (4/1/06 to 6/30/06)	15,020	1,139
Fourth quarter (7/1/06 to 9/30/06)	10,966	564
	<hr/>	<hr/>
<b>Total</b>	<b>59,243</b>	<b>3,936</b>

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The Methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

## **SINGLE AUDIT SECTION**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

October 12, 2007

Honorable Mayor and Members of the City Council  
City of Belding, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, (the "City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ordenold Haefner LLC*



## *Vredeveld Haefner LLC*

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### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

October 12, 2007

Honorable Mayor and Members of the City Council  
City of Belding, Michigan

#### **Compliance**

We have audited the compliance of the City of Belding, Michigan, (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Belding, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

#### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wendell Haefner LLC*

**CITY OF BELDING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Grant Number</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>
Department of Agriculture			
Rural Development Loan Proceeds		10.766	\$ 1,416,581
Passed through Michigan Department of Natural Resources			
Community Forestry Grant	CFG 06-02	10.664	11,490
Department of Homeland Security			
Operations and Firefighter Safety	EMW-2005-FG-17358	97.044	1,100
Federal Transit Administration			
Passed through Michigan Department of Transportation			
RTAP Training funds		20.509	686
Federal section 5311 operating	FY2004	20.509	2,045
Federal section 5311 operating	02/0016/Z9	20.509	18,757
Federal section 5311 operating	07-0173/Z1	20.509	26,650
Federal section 5309 capital - bus	2005/7520	20.500	41,376
Department of Health and Human Services			
Passed through Michigan Department of State			
Help America Vote Act (HAVA) Grant		93.617	34,654
Department of Housing and Urban Development			
Passed through Michigan State Housing Development Authority			
Land Assembly Grant	MSHDA 200624-CAT	14.228	146,000
Passed through Michigan Strategic Fund			
Mall Parking Project	MSC 205033-ICE	14.228	<u>500,000</u>
Total Expenditures of Federal Awards			<u>\$ 2,199,339</u>

**Note to Schedule of Expenditures:**

Expenditures on the schedule of expenditures of federal awards may differ from expenditures in the financial statements due to assets being purchased with capital grants being capitalized and the related assets being depreciated over the related asset's estimated useful live.



**CITY OF BELDING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued	Unqualified on basic financial statements		
Internal controls over financial reporting			
Material weaknesses identified?	<u>      </u> yes	<u>  X  </u> no	
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported	
Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no	

**Federal Awards**

Internal control over major programs			
Material weaknesses identified?	<u>      </u> yes	<u>  X  </u> no	
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported	
Type of auditors' report issued on compliance for major programs	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section 510(a)?	<u>      </u> yes	<u>  X  </u> no	

Identification of Major Programs

CFDA Number(s)

10.766

Name of Federal Program or Cluster

Rural Development Loan

Dollar threshold used to distinguish between Type A and B programs?	<u>      \$300,000      </u>	
Auditee qualified as low-risk auditee?	<u>      </u> yes	<u>  X  </u> no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

None noted